The drama of Wall Street as revealed by a man who has played the game and won

The Making of a Stockbroker

By EDWIN LEFÈVRE

Author of "The Reminiscences of a Stock Operator," etc.

¶ In his own words Mr. Lefèvre has set out to write "the story of a brokerage house from its founding to the present day." And with his sense for vivid narrative he has chosen the most dramatic form of presentation possible. He tells his story from the angle of one man's experience, a man who, under another name, is recognized as a powerful figure in New York's "downtown".

¶ John Kent Wing, a young Harvard graduate, started at three dollars a week as ink-well cleaner. He analyzes his observations from every round of the ladder; office-boy, stock-clerk, margin clerk, salesman, all the way to the top.

¶ He tells of his activities in financing chain stores and automobile manufacturers on an epoch-making scale; he explains the best trading technique-not as theory or assumption—but as fact and actual experience.

¶ This new tale of the romance of money deals with the preservation of the honor and integrity of a great house through many adventures of the Street.

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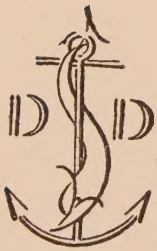
AUTHOR OF
"Reminiscences of a Stock Operator," "Wall Street Stories," "Simonetta," etc.



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THE MAKING OF A STOCKBROKER

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To my friend

JOHN WING PRENTISS

Introduction

A newspaper man who had reformed introduced me to John K. Wing. The name meant nothing to me. It is one of the injustices of business life that the men at the head of important houses are not always recognizable by name by the public at large. Mr. J. P. Morgan, of J. P. Morgan & Co., does not have to explain who he is because his father took care of that by giving him the same name. But the head of the firm of Kuhn, Loeb & Co. is neither a Kuhn nor a Loeb. Mr. Wing, it was explained to me, was the senior resident partner of Bronson & Barnes, a Boston firm which had risen to the top rank of stock commission houses in the past ten years. He was a young man, with pleasant manners and an air of sincerity as well as good nature and good sense. The combination interested me. It meant the modern type of successful stockbroker. Other times other men. The change is never in the eternal verities but in the point of view, which in turn dictates the fashion that finds a new and easier way.

"I've wanted to meet you for years," he said. "I have read your 'Livingston's Reminiscences' and your magazine articles, and I've wanted to ask you why you did not write about the other side of Wall Street. When you set out to prove that men who

want to get something for nothing are bound to fail, you merely call attention to what happens in all businesses at all times and in all places. But the great American public is apt to take its point of view from the newspaper headlines. That is why Wall Street in the popular mind is not the meeting place of buyers and sellers of securities, or of borrowers and lenders of money, but a legalized gambling house where crooked roulette wheels run under the protection of bribed officers. Business men know better, and you know better, and thousands of professional men know better. But millions of all sorts and conditions of men do not know better. I should like to have you write about the stockbroker of to-day."

I laughed. So did he. But his was the amusement of a trained diplomat. At exactly the right time he again became serious, and went on:

"The trouble is that the public's Wall Street is in reality an old Wall Street. It became obsolete years ago. The Stock Exchange has not stood still any more than any other of our great business institutions. We do not tolerate to-day practices that were common a few years ago, but nobody seems to believe it. Losses sustained by ill-advised or greed-stricken or careless investors and speculators are blamed on Wall Street. There are crooks everywhere, but every swindler who happens to operate anywhere near Trinity Church is represented as being a typical Wall Street man. And of course the popular notion of a stockbroker is a stage type. He is still the buccaneer of thirty or forty years ago. Nobody writes of him as he is. The same public that thrills over the romance of the building and

operation of our railroads or industries does not accord any credit to Wall Street for the development that has made our country the wonder of the world. And yet where would our railroads and our industries be without the stockbroker?"

"The economic function of stock exchanges is well understood," I said soothingly. "I myself think you are unnecessarily agitated over a non-existent injustice. The political demagogue doesn't jump on your class especially. He attacks all the 'haves.' They always will be fair targets for the envy of the 'have-nots.' "

"Yes, but nobody writes about the stockbroker of the vintage of 1924. It is always of the Jay Gould era. Now, I have devoted my life to this business. I am proud of the firm of which I have the honor to be a partner. I am more thrilled by its record than by its financial success."

"You do a very large business, I understand," I said.

"We do our share," he admitted.

"I'll tell you what I'll do. I'll write the story of a brokerage house from its founding to to-day. But the form must be personal. Are you willing to do your share?"

"Yes."

"I don't want to print a panegyric of stockbrokers, but how one grew, and the business with him. If you will make it your autobiography, I'll write it." What it does for or against the reputation of stockbrokers as a class I don't care. But it must show the stockbroker from the inside; what he did to make his millions; no whitewashing and no propaganda. To do this you must tell your

story without thinking how it is going to strike the public."

"I'll do it," he said simply. "I hate to talk of myself, but I want you to get the broker's business as it really is. Do you want me to start from the day I came to New York?"

"No, from the day you were born," I said. "Don't pick and choose your incidents. Just think aloud."

"Very well," he said.

And that night, in his own house, Wing told me how he became a broker.

E. L.

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1

Walter Bagehot says somewhere that no physical pain can compare with the exquisite agony entailed by an attempt to change a long established mental habit. That is just what you ask me to do when you ask me to speak in detail of myself and my part in building up our business.

I do not mean that I have ever been especially secretive about my affairs. I have never felt any need to dramatize my emotions or my efforts. I like men because I am healthy and normal, and because they like me. My business has always been with men, and my liking them and their liking me has helped me a great deal. After all, what I have to sell is service; and since I myself am not one of my own customers, it is not necessary for me to be interested in my personal or non-business side. I am not inarticulate, but my business life, which is the useful part of my life, has given me a fixed point of view. I look outward toward my customer, and not inward toward my ego.

In this broker's business of mine I have had to sell myself of course. That is all anybody does in this world—exchange what he has for what he needs. This is at once the most and the best that he can do. When I say my job as a stockbroker is to sell service,

I assure you I speak accurately and comprehensively. But that does not alter the fact that I have been interested primarily in results, and in technic only as it helped me to obtain those results quickly and efficiently.

I can and do play; and more than that, I enjoy my playing. But no play gives me the pleasure that work does. I do not intend to kill myself working, because that is not only immoral but unbusinesslike. But I confess that it is in my work that I find my greatest enjoyment. My business is my favorite pastime. It is my pet diversion, as well as my bread and butter.

A man is put in this world to do his best, and his best, as a human being, consists of winning the good will of those among whom he lives. The satisfaction of knowing that you have a big credit balance at the bank is not to be compared to the comfort of knowing that those with whom you do business respect and like you. What is it that enables my firm to do the large and profitable business that it does? Why, nothing but the way our customers feel toward us. That is what establishes our credit, and that credit enables us to do a many times larger business than if we could use only our actual capital. Mr. Barnes, our senior partner, remarked only last week that he does business as he plays golf; he must play with congenial people if he is to enjoy playing at all. We have a very nice set of customers. We enjoy them. And they stick.

I've been in Wall Street twenty-five out of my forty-five years, and I have known more or less intimately nearly all the financiers and industrial mag-

nates of this generation. I can truthfully say that in not one instance did the desire to make money constitute the chief incentive of any of these men. It was the doing of the thing they loved to do—achievement, accomplishment—that made them what they were. That they, in due time, put in a bill for services rendered, and that the fee asked was large, is true in some instances, though not in all. They worked in as altruistic a spirit as a great artist works.

My name is John Kent Wing. I am New England on both sides. The first Wing came over the same year that Harvard College was founded. That is as far back as my family goes in America. No *Mayflower* passengers in my genealogy. The first American Wing bought a farm in 1636, in Cambridge. It was directly opposite the Harvard gate. The farm has long since changed its function. A part of it became the graveyard of the Unitarian Church. Lots of Wings are buried there.

The first American Kent—my mother's family—was a minister who labored in Sandville, Massachusetts, on Cape Cod. His wife, Deborah, bore him two sons, John and Henry. The first Wing also had a son named John. Lots of Johns in our family. I would have you bear in mind that my forebears were not only New Englanders but Unitarians. They ran to school-teaching and the ministry. They worked hard from necessity and a sense of duty, and they lived clean lean lives and duly sent their children to school and college. I am the seventh generation of Wing to go to Harvard.

My grandfather was an exception to the Harvard habit. He went to West Point. His father was a

minister, but he and his congregation were not in accord, and rather than yield he pulled up stakes. He went to Maine. There he taught school, and there his son—my grandfather—married the daughter of the squire. He was a leather merchant and shipowner, the squire was. Kindly note the ingenious combination which enabled him to keep his feet on terra firma in his tannery, and at the same time to gratify his love of adventure through his ships. He made both his business and his favorite sport pay dividends.

My grandfather went to West Point and graduated in the late 30's or early 40's. He was assigned to the corps of engineers, and was detailed to go to Mobile, Alabama. There were no railroads in those days. Why he didn't go by water from New York or Baltimore, I don't know, but the story is that he walked from Washington to Mobile. Every time I go South I think of the old gentleman and his hike. He served in the Mexican War, and then he resigned from the Army and went back to Maine. There he went into the one business that looked both good and big to him—timberlands.

That was a long time ago, when lumber wasn't so scarce as it is to-day; but he had the vision and the love of the woods, and he bought thousands upon thousands of acres of land, because of the virgin pine or spruce or hemlock that grew upon it. Most of it he got for ten or fifteen cents an acre. For a little of it he paid as high as one dollar; but not enough to hurt, because there was so much land to be had at the lower price. He would buy for a mere song square miles of timberlands, vast tracts with lakes and mountains on them, domains that ran clear

down to the coast. He knew the land was cheap, so he'd buy and cut the timber; or sell at a profit and move on.

Like so many of the old Maine men, he unfalteringly followed the timber. His quest took him to Pennsylvania and later to Michigan, always following the timber. His son, my father, also followed the timber. It took him as far south as the Gulf—Louisiana—and as far west as the Pacific Ocean—California. It was in the blood of those Maine men. But I am not trying to give you the romance of the lumber industry or the tragedy of our unscientific destruction of forests, but merely a part of my family history. There has always been big money in timberlands in this country.

My grandfather died in 1868, and my father kept on. During the panic of 1873 my father was home in Maine. He wasn't particularly hard hit, but money was very tight and there was no telling when or how the panic would end, nor what might happen to anybody before it ran its course. One day a man walked into the office where my father and his brother, my Uncle Henry, sat. They did not recognize him, but he knew them and came toward them with outstretched hands.

"Well, boys," he said, "I certainly am glad to see you looking so well; you haven't changed much since I saw you last."

"You are looking pretty well yourself," my Uncle Henry assured him, and my father chimed in with, "You certainly are," for the stranger certainly was a robust specimen of humanity. They were sure he was somebody who had worked for my grand-

father. Nearly every lumberjack in the state had, at one time or another. They could not have named this one to save their lives.

"I thought I'd like to see the old place again," the stranger went on. "I made up my mind that Dan Ryan wasn't going to be in Boston and not run up to see his friends here before he went back."

"And where are you making your home, Dan?" my father asked. Dan Ryan, he remembered, had hauled logs for the squire years before.

"I live in Michigan," said Dan. He had followed the timber. It was all he knew. "I did pretty well with my white pine. By the way, you've never done much with that land the squire bought out there, have you?"

"No."

"Are you going to?" he asked. And my Uncle Henry, Maine-like, answered his question with another.

"Would you like to?" he asked.

"I wouldn't mind. How will you trade?" said Dan.

"We have got to see our sisters," said my father. "Suppose you make us an offer?"

Well, Dan did. My father and Uncle Henry went home and talked to my aunts. They knew only the approximate acreage and the price my grandfather had paid for the land. They had never cruised it and didn't know how much it would cut. But they did know these were panic times and getting worse day by day. There probably was a future, but they thought a heap about the present, and Michigan was a mighty long way from Maine, and cash was cash. So the family council decided

to accept Dan's offer, which showed a small profit on what my grandfather had paid.

When my Uncle Henry and my father got back to the office they found Dan there waiting for them. He was passing away the time talking to a couple of old-timers he had scared up somewhere.

"Well, boys, and what did the girls say?" he asked.

"We'll sell," they answered.

Dan Ryan promptly sat down and made out a check on a Boston bank for the amount.

"Do you know anything about the lands, Dan?" asked my father.

"No more than you," he answered.

"Do you mean to say you've never been there?"

"Never."

"Don't you want to look them over first and see what's there?"

"No."

"Why not?"

"Why should I? I knew the squire, worked twelve years for him, and I'll tell you this: Anything your father was willing to buy at any time, I'm willing to take over at any time. If those lands were good enough for him to buy and pay for, they are good enough for me to buy and pay for. That's all there is to it. I live there and you don't, so it's no trouble for me to buy 'em."

Well, he got the lands and went back to Michigan. In 1892 or 1893—I think it was during the World's Fair—I was in Chicago with my father. I was only a boy, but I remember meeting Ryan. We ran across him in the lobby of the hotel. My father introduced me to the old chap, and he said I looked like the squire, his old boss.

My father had heard off and on, indirectly, about Ryan, and knew he had done very well in the lumber business, as so many Michigan men had. At one time they furnished the newspaper millionaires, just as oil and steel and munitions did at other periods.

"I hear things have gone very well with you, Dan."

"Fine, my boy! Fine!" cheerfully answered Ryan.

"How did those lands we sold you turn out?"

"Fine, my boy! Fine!"

"Did pretty well with them, eh?" said my father.

"I told you the squire knew timberlands," said Ryan. "He was a mighty smart man, he was."

My father laughed, and Ryan said, "Oh, you and Henry are smart too. Didn't mean it that way." My father laughed all the more, and then he asked, "Dan, just how much did you make out of that deal?"

Dan hesitated.

"Don't you want to tell?" asked my father.

"It isn't that I don't want to, but that I am ashamed to."

"As bad as that?"

"Yes, I haven't the nerve to tell you."

"Go on! How much was it?"

And Ryan said, "I figure I made better than twenty million dollars out of it."

"What?" yelled my father.

"I told you I was ashamed to tell you," said Dan, so apologetically that my father got to laughing once more.

What do you think of that story? Well, there

is still another chapter: Our branch office in Detroit is in the Ryan Building, one of the finest edifices in the West. Squire Wing's grandson, who is a stockbroker in New York, is to-day paying tribute to the grandson of the Maine teamster who hauled logs for him—and followed the timber, clear into Michigan.

And before I get off this timber talk, I'll tell you another incident. Only last year our firm sold to our customers fifteen million dollars of bonds of the Penobscot Pulp and Paper Company, and these bonds were secured by some thousands of acres of timberlands, which were put in at ten dollars an acre—an absurdly low price, in order to make the bonds a safe investment. Well, that land was land that my grandfather bought for ten cents an acre, and later was sold at a profit by the squire's sons. It was sold again, in the shape of bonds, by the squire's grandson, at a difference of one thousand per cent. I suspect such a thing could only happen in America.

When my father went to California to engage in the business of dealing in timberlands I went with him. We were out on the Coast about ten years. What I chiefly remember of our life there is that I was desperately homesick all the time. That is the fact. The meaning or significance of the fact I do not know; but, when the family moved East again and we lived in the house my grandfather built, I felt contented. It was Maine. Possibly the love of it was in my blood. And yet, when the time came and I went to work, I did not feel homesick away from the selfsame Maine.

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I was sent to Exeter, and afterward to Cambridge. I think I told you I was the seventh generation of the Wing family to go to Harvard. While I was at prep school it was my father's desire that I should be a lawyer. He himself had studied law, though he never practiced it. It was his belief that, no matter what business a man went into, a knowledge of law was bound to be helpful. Moreover, ours was a law family. One of his cousins was on the supreme bench, and relatives of my mother had achieved distinction in the practice of the profession. Two Wings and two Kents were among the leaders of the Boston bar, so that if I chose the law I'd only be running true to family form. But, before the end of my sophomore year at Harvard, I was quite sure in my own mind that I would not follow in my father's steps. I did not wish to study law. Also the timberland business had no appeal to me.

I loved Maine, all of it—mountains, lakes, rivers and coast. But I loved it as a place to have my vacation in. I had been homesick away from it, but I didn't see anything there that I wanted to make a living at. My home was there, but I knew that my office wasn't. I loved the woods, but I didn't think I had the temperament needed to make a success of the family trade, at which so much money had been made by my grandfather and

my father, and particularly by Ryan, of Michigan.

You see, it takes about three months to put through a deal in timberlands. A fellow has to go out and explore them, cruise them, look up titles and a lot of other things that take time. In my own business I get quick action. I can buy and sell a million dollars' worth of stock in less than three minutes. And as for the law, I just didn't like it. There wasn't anything about it that beckoned to me. The philosophy of the law, the spirit of it, whatever there is about it that appealed so strongly to so many fine minds, never hit me. And when I told my father I was sorry to disappoint him, but I wouldn't study law, it was not so much because I was wise enough to know that I didn't have a legal mind, as because I had the gumption to know that I never would make a success of a business that I did not like.

We had a nice friendly talk about it. I admitted that a man might and should make a good job of whatever he has to do, but I contended that if he has a chance to pick his job he should pick one he likes. I couldn't see, at twenty, that business was different from anything else. No man can be a really good baseball player if he hates baseball. How is a fellow going to get to the top except by doing his best, and how can a man's best be brought out in the pursuit of an uncongenial occupation? The less friction you have to overcome the farther a given amount of energy will carry you. I have since noticed it in my office. You see, we make it a point of keeping a pretty close tab on our help, because as our business grows we have to fill important positions. We naturally desire to fill them

from our ranks; from men we know all about, men that we have proved.

Well, it is not so much the boy who has brains as the one who has the business instinct who makes a successful business man. And that boy finds in business pretty much the same sort of pleasure that a born golfer does in playing his game. All our employees are competent or they wouldn't hold their jobs, but not all of them are carrying marshals' batons in their knapsacks. We find that some of our boys do not hate to get to the office early, and do not begin to get ready to leave half an hour before quitting time.

Personally I have found business a game. I don't take my business home with me at night, but I am never sorry to go back to it in the morning. I have kept up my tennis and my swimming, and go to football and baseball games as enthusiastically as I ever did. But no game that I play compares for interest and thrills with my business.

After all, it is really fascinating. Stop a moment and think what the business of such a house as ours is. To begin with, it is a business of businesses—that is, we must deal with all kinds of business. We bring out, I mean we market, stocks of steel and iron and coal and copper and oil companies, of automobile companies, and patent-medicine companies, food-products companies, chewing-gum companies, perfumery companies. We deal in foreign bonds, in railroad and industrial bonds, in state, county and municipal bonds; and each and every time we have to know exactly what we are dealing in. We are specialists in one business, and that business is everybody's business. As I said before,

Wall Street's business is the business of all business—the whole world's business.

And then there are the human contacts. We are daily doing business for and with most interesting people—with men who have made a go of their businesses, who have the traits and can tell the life stories that go with success-winning in a big way. Whether they are young or old, college graduates or common-school pupils, whether their parents were cultured people or rough-necks, these men had that within them that made them outdistance the vast majority in the race toward preëminence. These big men with and for whom my firm deals—whether we buy or sell securities on the Stock Exchange at the established commission, or handle an entire issue of bonds, or sell a hundred-thousand-share block of Treasury stock—are the men who have known enough to do the right thing the majority of times in their own lines.

It is our business as up-to-date commission brokers to enable other fellows to do business. Last week we floated a bond issue for a steel company. Those bonds were sold to our regular customers; that is, to the public—to individual investors and institutions, to capitalists and wage earners, to insurance companies and savings banks. They were sold by us at a profit—that is, at a small but fair commission—to provide money wherewith to enlarge the plant and increase the volume of business and the number of employees. With this money, more money will be made by the steel company, and the bond buyer will get his interest—his share in the profits of a steel business.

Now, even a political demagogue must admit that

our share in the deal was above blame. We do not have to be insulted because we assure the public that those bonds are safe and sound. We believe them to be that. We took pains to make sure of it. We had experts study the company, the business, the personnel, the history, the future—all the clinical data obtainable. Leaving aside all questions of ethics, putting it on the most sordid and selfish of grounds, it is obvious that it behooves us to be careful. It is only when and if our customers make money that we make money for ourselves. If our customers lose because of our dishonesty or our negligence or our incompetence, how long will they stay customers of ours? Isn't it reasonable to suppose that we try to keep our customers satisfied and that there is only one way to do that?

A reputable stock-brokerage firm is like any other reputable firm of intelligent business men. We aim to stay in business a long time. There are crooks and fly-by-nights in Wall Street. But so are there crooks in every street of every city of every country in the world. There are bucketeers, and shyster lawyers, and quack doctors, and food adulterators, and grafting politicians. But the public continues to pick on Wall Street from force of habit.

After all, what is Wall Street? The place to which enterprising and thrifty people—the best business brains of a great business nation—go to buy and sell securities and commodities, to raise capital in order to do more business than they've been doing—that is, to be enabled to grow, to lead, to build railroads and operate them, and erect steel plants, and drill oil wells and refine petroleum, and develop mines, and produce more and better and

cheaper automobiles, and generate cheaper electrical power. Without Wall Street—not the Wall Street of fiction or of the cheap politicians, but of reality —this country would not be where it is industrially, nor would its people be so well off. I admit freely that Wall Street is also the place whither the public goes during booms to gamble, to get something for nothing. There is always the desire to risk surplus dollars, to increase quickly an inadequate stake. You can't prevent speculation by law, very easily. There isn't and cannot be any business in which there is not some speculation.

I don't imagine there is any need for me to enter into a long dissertation on the economic function of the Stock Exchange, is there? The investments of a nation are the measure of its prosperity, and our comforts depend upon our prosperity. Wall Street is where you must go for your investments, under the present system of corporations. It is no more immoral to go there to buy securities than to go to Pittsburgh, if you want to buy steel or coke.

And have you ever asked yourself who constitutes Wall Street or where the majority of Wall Street men were born? What makes them so different, in the popular mind, from the rank and file of humans engaged in work in other places?

Wall Street, I take it, embraces that district where you find not only the members of the Stock, Cotton, Produce and other exchanges, but the greatest banks in the United States, and the individuals or firms that make a practice of supplying or obtaining money for all kinds of businesses.

Where do most of the Wall Street men come from? They come from every state in the Union.

The other day on the Stock Exchange a friend of mine, to settle a dispute, took the trouble to compile a list of the partners of the leading Stock Exchange houses. We found that nine-tenths of them came from outside New York. In my own firm the partners came from New Hampshire, Massachusetts, Missouri, Maryland, Maine, New Jersey, Pennsylvania, Michigan, Illinois and Indiana. Not one out of the twelve partners is a New Yorker. The typical Wall Street man is therefore typically American, just as the business of a stockbroker is national rather than a New York City business.

I am sorry I digressed. Coming back to my career, all I can say is that I was not a good student at college. My classmates insist that I was a brilliant success at discovering snap courses ahead of other modest spirits. I took Semitic XII, but that was what everybody did; about five hundred of us. But I investigated and picked on History IV in the Divinity School, as highly desirable. There were only twelve divinity students taking that when I discovered its advantages. The next year three hundred and fifty-seven were taking it. One of my classmates who is now a competitor tells everybody that I always was good at finding bargains for my trade.

But I always was interested in political economy. In my day there weren't any courses in modern business and finance. It would have helped me a great deal if I had taken such a course. Still I managed to get my degree, and the absence of scholastic laurels didn't distress me to the point of insomnia.

I may say here that I have found that my college studies in political economy and history have more than once helped me in my business as a stockbroker. I deal daily with economic conditions, but also with human activities and personalities. Different names, different dates; same human beings, same situations. Where my own experience did not give me the parallel, the experience of humanity—history—did.

When I graduated I was much better off than I suspected in the matter of business assets. I had had to do with many undergraduate activities outside of the curriculum. My college friends, after four years of companionship, gave me the habit of establishing certain human contacts which I have never lost.

The attitude of the normal decent college man toward his college and toward his classmates is an attitude that it will pay him to maintain in adult life toward his work and his fellow workers, whatever may be his particular line of business. It has been my hobby to try to make stockbrokers feel toward the Stock Exchange and toward their fellow members the way I feel toward Harvard and toward my class. I do not wish to indulge in either sentimentality or propaganda, but I think you will agree with me when I say that it is a good way to feel. Another valuable asset that I had on leaving college was that, if I did not know exactly what I wished to do, I did know to the dot what I did not wish to do for a living.

I received my degree and went home. It occurred to me I ought to have a vacation that would do me good physically. It would be a good founda-

tion for the coming business of making a living. I induced my cousin to go with me on a trip I had long wished to make. We took a twenty-foot canoe and an outfit, and we started by ourselves. No guides, no prepared itinerary. We paddled up the west branch of the Penobscot and across Lake Champlain and Eagle Lake, down the St. John, and back to New Brunswick. We lived like Indians. I did the chores and he did the cooking. He was a good cook. I was better on chores. The artistic touch was beyond me.

It was a wonderful outing and it did us lots of good. When I got back home I found a letter asking me to go down to Cambridge and take charge of the football tickets and the finances for the fall games. The job was worth a hundred dollars in cash and the privilege of helping the college. You see, I had had some experience at it, and I want to tell you that running the games and allotting the tickets is some job.

I got through with the last game late in November. Instead of returning home I decided to get a job in Boston. I wrote to my father. I did not ask either his consent or his advice, I simply told him what my intentions were. He rather expected it, because I had told him I would not stay in Bangor and he had told me that I could do whatever I thought best. He didn't offer me any suggestions because we always understood each other. He had an abiding faith in the family gumption and in the Wing spirit of hustle. I may say that, in all the years I was away from home working, he never failed to visit me in the spring and in the fall.

3

I started my job hunting on the thirtieth of November. I began by walking out of the hotel without any destination in mind, my only definite intention being to keep my eyes open. That way I would spot the job.

What I did see was the outside of Boston business offices and I want to tell you that even the outside of a house looks quite different to you when your business is with the inside of it. The office buildings became buildings in which my own office might possibly be. It gave me a personal interest in every number; it might become my address. I suppose I hoped something would happen. I know I kept on quite hopefully.

I was walking down State Street wondering just what shape my expected lead would take when Opportunity was kind enough to come right up to me and shake me by the hand. It wasn't brains and it wasn't the just reward of any act of mine—unless it was the act of going to Harvard as six previous generations of the Wing family had done. I mean that I met Howard Abbott, one of my classmates.

You know how it is. While at college your experiences are experiences common to all your intimates. Your interests are their interests; their concern is also yours. This was the first fall in four years that Howard and I had not spent October

and November together. What had happened to him and to me since commencement was news to me and to him, instead of the usual family affair. Of course Howard wanted to tell me and to listen, and I wished to do as much.

He told me first. After leaving college he got a job in an office and worked there all summer. Then, as luck would have it, he had to get sick and be ordered to leave Boston. It began with a cold he couldn't shake off, and then the specialist said it was tuberculosis and ordered Howard to the Adirondacks.

"Pretty tough luck," he finished, "to lose all that time." He meant the time to be spent in getting well. Isn't youth a wonderful thing for logic?

"It sure is," I said.

"They were mighty nice about it," he went on, meaning his employers. "But, of course, I can't expect them to hold the job open until I am ready to come back. It may be a year or ——" He stopped, because he couldn't bring himself to say "two." He didn't wish to think that he would be ill that long, so he just didn't. Silence helped.

"That's pretty hard luck, Spider," I told him, thinking of his illness. Then, thinking of my wellness, I asked, "What sort of a job was it?" I knew it must be pretty good to hurt him so much to leave it.

"In a broker's office," he said gloomily. What he was giving up nobody would know!

I instantly thought of what I thought a broker's business must be—of the Stock Exchange and panics and fabulous stakes made and lost in minutes. All

brokers were always wealthy brokers in the newspaper accounts. There were wonderful things to learn about the business. That thought made me sorrier than ever for Howard Abbott, alias Spider. He had always been skinny and long-legged. He was leaving behind him a golden vacancy, but for me to think selfishly of it would be to transform it into a dead man's shoes. I simply couldn't commiserate with him on his misfortune in one breath and in the next ask him to appoint me his successor. That was like sealing his doom, closing the door to his return to Boston, cured. But I was job hunting. But it was too bad it was Howard's job.

But fate was kind; Howard considerately saved me the trouble of overexercising my ingenuity or prolonging the negotiations for inheriting scrupulously, by asking me, "And what are you doing, Jack?"

"Looking for a job," I answered, and looked, as I felt, blue. "Any job," I finished.

"You can have mine," he said, with a generous eagerness that showed what a brick the Spider was. It struck me instantly that it is always the Sir Philip Sidneys who are taken prematurely. Death is apt to be not only cruel but unintelligent.

"How do you know they will give it to me?" I asked.

"I only told them this morning that I was quitting. They'll give it to you, all right. Why not?" He looked at me pugnaciously—a true friend!

"But I don't know anything about the broker's business," I pointed out, not too aggressively.

"Neither did I," he said.

And I felt I should never acquire so much knowl-

edge so quickly. The Spider doubtless had a knack for brokerage.

"Oh, I am willing to try. When could we find out if I'll do?" I asked.

"Right now. Come on." And he linked his arm in mine and took me to the broker's office, just as pleased as he could be. His face was one smile and he chattered away—ominously enough—of the good times we had had at college. He was living already in the past, this boy of twenty. Poor old Spider!

He took me to the office of Devlin, Litchfield & Co. They were in Post Office Square just across the street from the building that to-day houses the business of Bronson & Barnes.

The Spider escorted me into the office as though I were the Prince of Wales. It wasn't much of an office, small and rather dingy, for the firm was not then particularly active, but for me it had all the importance of an epochal first step.

He introduced me to old Devlin as one of his classmates, for whom he could conscientiously vouch as being worth at least three of him. I was much the faster worker and the most accurate of all the class. I felt cheap and office-boyish while the Spider was perjuring himself like a gentleman for his classmate. Also I felt somewhat conscious of the sad fact that I had come upon my career face to face without adequate previous preparation. But all old Devlin did was to look at Howard and nod, and then look at me without visible signs of emotion. Finally he said, hesitatingly, "And you want to go to work?"

"Yes, sir!" I answered. I was willing to prove it with everything I had.

"Well," he said, "we don't pay beginners much. All we give is three dollars a week."

"That is satisfactory," I assured him. "I'll take it." I was more interested in the job than in the pay. This was not from modesty or lack of ambition. It was that I knew I didn't know a blessed thing about that business, or any business, and three dollars a week was more than I was worth to anybody—while I was learning. Time enough when I knew something to ask for a reappraisal of the value of my services. It was wise enough, but then I knew my father would help out with an allowance.

"When do you wish to start?" Devlin asked me.

"I am ready to start right now," I said.

"Well," he nodded almost as if he were congratulating me on a piece of rare good luck, "right now is as good a time as any. Howard, suppose you take him and show him what his duties are."

"I'll be glad to show him, sir," said the Spider. And after a pause: "I'll say good-by, again, Mr. Devlin."

Mr. Devlin stood up to shake hands with the Spider.

"Good-by, Howard, and good luck to you, my boy. I am sure the change of climate is going to do wonders for you. Stick it out, now. Good luck to you. And come back to us, Howard."

The old man seemed fond of his three-dollar-a-week ex-clerk. It didn't strike me as odd. Why shouldn't his boss like Howard Abbott, Harvard '98?

The Spider took me into the other room and introduced me to a bookkeeper and a couple of clerks, and then proceeded to outline to me the duties of

the dog. That's what the job was—office boy. I gathered that the Spider had cheerfully done whatever he was asked to do. One of the advantages of an education is that you do without whining what you agree to do. A gentleman doesn't refuse to do, if necessary, what a rough-neck would say he wasn't hired to do.

The Spider left me with a smile on his face, pleased as Punch that he had secured for me his job. It was like keeping the fortune in the family—that three-dollar-a-week job.

The first thing I actually did in that office was to clean the inkwells. Then I went about picking up things. When I left for the day I felt that I was on the road to a man's job, for already I had decided that the brokerage business was as good as any that I could go into. I did not know in detail precisely what it consisted of, but the background was satisfactory and the kind of merchandise it dealt in suited me. And the curious thing was that I was as right, for all my ignorance of the business, as I was later on when I knew more about it. I suppose it is natural for a boy who wants to work, to like his first job—at least during the first day. It is the occasion of the donning of the long trousers rather than admiration for their fit, that he is thinking about. The thrill means a lot.

4

I used to get down to the office every morning at eight. I put the office in shape to do business. I fixed up the partners' desks, got new blotters out, saw that there were fresh pen points in the holders and that the inkwells were full, and did all such office chores. Along about 9.30 the partners came in. At ten the exchange opened. It was like the curtain going up on the performance. I made all the transfers of stock, delivered securities—stocks and bonds—to customers, and generally ran errands of all kinds. I recall that among the men to whom I used to deliver stocks was David Britton, the famous philanthropist, of whose sweetness of disposition you hear so much. He was not very sweet to me. He would scold me while I was waiting for a check. I don't remember whether or not he had cause for his tart remarks. Perhaps I was late. But I know that every time I read a magazine article about him I recollect the nonangelic side of him that he insisted upon showing me.

As I look back upon my experiences at Devlin, Litchfield & Co.'s office I can see how valuable they were to me. They were rather amusing, to boot, and when a man can laugh over his own past he has something to be grateful for. Of course I admit that for a long time I did not know what I was doing. I merely obeyed orders, which was what I was paid for; did whatever I was told to do. The economics of the business, the whys and wherefores

of what I and others in the office did, I did not get at once. I have never forgotten this, and it has taught me to be tolerant with our own boys when they make mistakes that obviously arise from their failure to grasp the meaning of what they are doing. I always feel toward them as toward high marks in classes at college. They don't always go to the boys who later make the most successful men in business. The making of mistakes is nothing. Other traits, and especially certain habitual tendencies, are what count. Of course after a while the ignorant clerk becomes conscious of his ignorance, and that compels him to acquire knowledge; not because he is bound to be efficient, but because he is human. Nobody likes ignorance. It is like the vacuum that Nature is said to abhor. That was what happened to me; and I'll say right here that in acquiring knowledge I was lucky enough to acquire another equally valuable asset in business—to wit, patience.

I argued that in order to become a competent stockbroker one had to begin at the subcellar. That was the reason why I never objected to doing things that had nothing to do with the technic of stock brokerage. Why, I used to take the boss's high hat to be ironed, and I'd go out and get his theater tickets and such things. It seemed to me that it was all properly my business—the business of learning the brokerage business in Mr. Devlin's office. And I want to tell you I realized that if this was to be my life's work, it would not pay me to look for snap courses. It was all very well at college to do no more than was necessary to get your degree. But success in life isn't a matter of barely pulling through.

The most important department of the broker's business is the customers. My first affair with one of them came about through Mr. Devlin's living in the country. It compelled him, as it does all commuters, to do a lot of shopping for the household. One day he brought in his wife's corsets to be fixed. I took them to the corset maker's and left them. Mr. Devlin was an experienced married man. The stays were to be done at once, and must be ready when I called for them next day. Those had been my boss's instructions from his boss, and he passed them on to me, and I impressively passed them on to the expert who was to do the necessary repairs or adjustments. He promised I could have them. Positively. The way I insisted would have made you think it was I who was afraid to go home without them.

Well, the next day I went to get them. Of course —I have since married—that specialist in corsets for commuters had no more notion of punctuality than he had of cuneiform inscriptions. I reminded him that he had positively promised to have them ready, and he said he knew it, but they were not finished and wouldn't be that day; I'd better call the next day and he'd try to have them ready. I don't remember exactly what I told him, but he came out from behind the counter and began to abuse me. He was bigger than I, so when he began to say things without smiling I lammed him and he hit the counter hard, so that a lot of shrieking females came out of the workroom in the back and began to yell "Police" so I left.

I reported to my boss that I feared that I had lost my temper when I thought of Mrs. Devlin's dis-

appointment. He asked me all about it, and I told him.

He laughed and said, "Never mind, Jack. You just go back to-morrow and get them, I'll square up things with my wife somehow when I go home to-night without them." I didn't know then that he had by far the harder job.

The next day I didn't go for the corsets, because they were sent to the office in the morning.

Mr. Litchfield, the junior partner, called me to his private office, and said, "Do you know, young man, that you have lost us one of our best customers?"

I was so surprised that I wasn't frightened. I simply couldn't understand him. But I could see it was no joke, so I answered, "No, sir. How did it happen?" Then I thought it might have been some mistake, delivering the wrong stock perhaps, though I was pretty careful.

"Well, that corset maker you feloniously assaulted always invests his ill-gotten gains with us. He has done it for years, and his business has steadily grown. But he notified us to-day that we shall never get any more of it."

"I am sorry, sir," I said, thinking of my job.

"So am I," said Mr. Litchfield in his best undertaker voice.

"Yes, and do you know what my wife said?" cut in Mr. Devlin.

"What?"

"She said she hoped I'd send Jack to her tailor's and ask about that suit that they promised to finish last week."

"But you shouldn't lose your temper, Jack," said

Mr. Litchfield. "Do you know why I took up sparring when I went into this business? So I wouldn't be tempted to biff unreasonable customers when they blame me for not compelling them to do the right thing at the right time. Boxing is great to teach you self-control. You ought to go in for the amateur middleweight championship, young man."

But he smiled at the end, and I didn't lose my job. I don't know whether it taught me better self-control or not. I think we acquire it with age, which brings us a truer perspective of things, including speech.

I was in Devlin, Litchfield & Co.'s office about ten months. We had pretty busy times that year. Tom Lawson ran a big bull market in coppers, and every stock-commission house in Boston got its share of the boom business. Copper stocks, as you know, were a Boston specialty. It was Boston money that developed most of the big copper mines in Michigan and later on in Montana and elsewhere. It is the same story with the telephone business—Boston money did it.

In the course of my routine business I naturally became acquainted with the other dogs in the business—office boys and messengers and clerks of other brokerage concerns. One day a friend—another chap who also had been at Harvard with me—told me that there was an opening in his firm. He said they needed a stock clerk and the wages were fifteen dollars a week.

Of course I had been getting money from home to live on, because three dollars a week didn't go very far. My father was well-to-do, and I didn't think it was good business for me to die of starvation. But

fifteen dollars meant for me an increase of four hundred per cent, and it was not good business to turn my back on an increase of that magnitude. I considered other things, of course, but I did not waste much time in deciding to accept the offer.

I saw Mr. Devlin right away and told him about the offer and about my decision. He said it was a good move. He appeared to be glad, not be rid of me but because he considered it a real advance for me. The men in his office had all been with the firm a long time and were competent, and in justice to them he couldn't jump me over them. He urged me to go over to Reade & Co. without delay. Later on I learned that he had been good enough to telephone to his friend Mr. Reade that I was a good chap.

Reade & Co. had the ground floor of a small old-fashioned building. A hall ran through it and the firm's offices were bisected by it. The back office, where we clerks were, was on one side, while on the front or street side were the partners' private offices and the customers' room, where the big blackboard was. The firm was not then as active as it later became. To-day it has its own building. Mr. Reade has retired, but the firm is one of the most prominent in Boston.

It was a good place for me to learn more about the business, because Mr. Reade was a man of ability, and the office was well conducted. I remember being impressed by the character of the clientele. One of the star customers was the late Hiram W. Miller, one of the leading capitalists of New England, who made a specialty of certain enterprises. The stocks of his companies were ac-

tively dealt in on the Boston Stock Exchange, and Mr. Reade was one of his favorite brokers. There were other men whose names were familiar to readers of the daily newspapers. They turned my thoughts to the kind of people a successful stockbroker did business for. That was the first time I told myself that a stockbroker is known by the customers he keeps.

Our New York correspondents were Dowling & Donaldson. They were members of the New York Stock Exchange—Mr. Donaldson had been its president—and we had a direct wire to their office. I thought that this was like being in actual personal contact with the source of all market wisdom. What those birds in New York didn't know about the stock-market game wasn't worth spearing with a toothpick. To me that mighty firm of brokers represented everything that made Wall Street what it was. Whenever some yellow journal made an attack on Wall Street and its methods, I took it as a personal attack on Dowling & Donaldson, and the injustice of it annoyed me. I often sat beside the telegraph operator and watched him send orders over, and saw the reports come back. Thinking of what happened at the other end of the wire was what first made me realize that the broker's business didn't begin or end in Boston; and that realization in time made me take an interest in the business that I had not felt while in Devlin's office. It brought me nearer to a thrill because of the growing comprehension of some of its various phases, for of course I did not grasp all its sides at once. It was still somewhat like watching the Moscow players.

Mr. Donaldson used to drop in to see Mr. Reade

whenever he was in town. We all stared at him, wide-eyed and open-mouthed. I don't know in which particular we expected him to be different from other mortals, but we knew he wasn't every-day clay. The glamour and prestige of having been president of the New York Stock Exchange, I suppose, made the difference. He was in truth a very fine, courteous, kindly gentleman, considerate of big and little, immaculately attired, and upright and honorable in all his dealings. In later years I learned to know him, and admired him more than ever. But in those days he was the head of the firm that represented the might and mystery of the metropolis, the symbol of knowledge, of power, of money. I don't wish to convey the impression that being in Reade's office turned me into a prematurely aged man. There were dull days when we cut up in the back office pretty much as young clerks who are healthy do the country over. We had a soft ball and we played baseball when the boss was out of the building.

I remember one customer who was welcome in the back office quite as much as in the customers' room—a woman who had mastered the art of successful stock speculation. She did it by means of a system, and made money steadily. Her system consisted of buying Telephone stock, which, as you know, was a Boston specialty. Every two or three months this wonderful woman used to show up at the office and buy ten shares of A. T. & T. outright. Of course that stock has been trebled since and as its business was growing steadily she couldn't lose, particularly as she never sold. That was her one and only play, and she knew she was doing the right

thing. And she always did it at the right time, because she did it whenever she had the money to buy the ten shares and put them away for keeps.

As you know, the commission for buying those ten shares at, say $140 a share, was exactly a dollar and a quarter. And it struck her that to pay Reade & Co. only a dollar and a quarter for buying fourteen hundred dollars worth of a stock that was sure to be worth more in time, was perfectly ridiculous. In the beginning of her speculative career she used to urge the partners to charge more, assuring them that she really preferred to pay more for their services. When she found she couldn't induce those absurd men in the front office to charge her more than the piffling dollar and a quarter commission, she salved her conscience by tipping the boy who handled the order for her. She'd give him a five-dollar bill. When that admirable customer came in, you bet there was a stampede to wait on her. The eagerness to serve her and the touching politeness of the young men from the back office made her feel more strongly than ever the inadequacy of the commission. I was fortunate enough to earn that conscience money of hers twice. I do not recall that the dear lady ever failed to tip five dollars to the successful boy.

The firm was growing all the time and it was plain to me that there was a future for a fellow who stuck to the brokerage business. I was daily becoming surer that it was the business for me, but I was merely marching in the ranks with the others, in the general direction of a living. It was like a fellow walking north but without a definite destination. This attitude was natural. A change was

bound to come, but only when I decided on a specific goal, and that normally would have come with time as I learned more about the business. The change, however, came suddenly. One day when we were all busy in the back office one of the boys came running in, all excited, and said that J. P. Morgan was in the front office. Well, the entire clerical force of Reade & Co., as one man—we weren't such a huge crowd—promptly rushed into the front to get a glimpse of the most commanding personality in financial America at that time. Well, we saw J. P. Morgan, but it wasn't the father, but the son, J. P., Jr., then known as Jack Morgan to Wall Street.

We were disappointed, but for all that the name and the presence there of the heir of the king of finance did the trick for me. It came upon me in a flash that this crown prince came from the court at New York, where everybody who expected to be somebody should go in order to work with money for money, to accomplish those great and helpful things that capital can do when intelligently and courageously directed. It was in the New York of the great Morgan and only there that stockbrokers could greatly prosper.

Then and there I made up my mind that, as soon as I had mastered more of those rudiments of the stockbrokerage business which I could acquire in Reade's office, I would go to New York to work in a broker's office there. That is all I wanted. To make the rest of my dream come true would be up to me. But New York was the battlefield. Golden laurels were won there more easily, or at any rate more quickly, than anywhere else in the United

States. From that day on I had a goal—a broker's office in New York.

This was back in the last days of the nineteenth century. When I first went to work the general situation was like this: We were beginning to recover from several years of hard times. We had had the panic of '93, and the ensuing period of railroad receiverships that entailed stupendous losses in the country. There were mighty few Americans who were not directly or indirectly affected by the hard times of the period preceding the Bryan free-silver campaign. Why, some of our customers used to tell me of the awful times they went through, and the menace of permanent poverty that threatened them in '96. Some of them, hard-headed business men, told me that they had converted all their belongings into cash and had taken the first steps to go to England to live if the Peerless Leader was elected to the presidency of the United States as the result of his cross-of-gold speech.

After McKinley's election things began to mend. But people couldn't get the historical perspective, and the average man could see neither that we were recovering nor what we were recovering from. He knew that business had been bad and was getting better and the free-silver peril past. Then came our huge crops and high prices for them by reason of shortages abroad, and Europe paid us some hundreds of millions of dollars. The chemistry of Nature had transmuted earthy elements and the sun's heat and the sweat of our farmers, the summer of 1897, into a vast pile of gold.

5

Of course business in stocks and bonds increased, but brokerage houses did not do the volume of business that they did in the boom a few years later. In the days I'm telling you about, the Boston Stock Exchange was a respectable competitor of the New York Stock Exchange. A fair day's business for Reade & Co. was three thousand shares of stock, on which the commission totaled three hundred and seventy-five dollars. There were some days when they did as much as ten thousand shares, or twelve hundred and fifty dollars. But those were the big days, and they meant a lot of work for the clerks because most of the transactions were in lots of fifty or one hundred shares.

Much of the trading was in coppers. The railroads had just gone through receiverships and the new issues of the reorganized or re-Morganized roads as some said—were not popular with investors. Atchison sold at $10, and Union Pacific at $15 a share. General Electric was not wanted in the 30's.

It was the practice in Boston to do one of two things—either invest in good stocks or speculate in all sorts of mining shares. When I joined the firm, the market had periods of investment and periods of gambling. During these gambling periods Tom Lawson thrived. He understood the art of stock-market advertising through paid ads in the newspapers and through news items by the agencies and telegrams to brokerage houses all over the country.

He made speculators big and little talk about him. He used to send out huge calendars, and he had stock-market proverbs in every sheet. There were some mighty good epigrams among them, for Lawson certainly knew one side of his business extremely well.

In Reade's office I progressed in my studies steadily. From being stock clerk I was promoted to margin clerk. It was up to me to see that the accounts were in good shape. I kept one eye on the ticker, for stock prices; and the other on my sheet, for balances. It was hard work at times, particularly in panics. I was the only margin clerk Reade had. In our New York office to-day we employ six margin clerks. The head of the force gets ten thousand dollars a year. In normal times he is through with his work at four every afternoon, or at five at the latest. But in bad times he begins at 9.00 A.M., and works all day and into the night, quitting after midnight. I thought I had a lot to do in Reade's, but our chief margin clerks to-day have to see that twenty-five thousand accounts are kept in shape.

My most trying experience as margin clerk was during the Northern Pacific panic of May 9, 1901. Of course I was on the job early, for the preliminary rumblings of the night before had sufficiently warned us of the hurricane that would break on us the next day—Blue Thursday. It was of course much worse in New York than in Boston, but it was bad enough with us. The market simply boiled over. The tape was about twenty minutes behind the actual transactions, and you can imagine what that meant to the poor margin clerk. By the time I'd get an account figured I'd have to figure it all

over again. It was impossible to get help because everybody in the office was busy as the dickens. I couldn't ask anybody anything.

Well, after I kept at it a couple of hours, I decided on my own responsibility to send out to every customer a telegram calling for margin, whether it was needed or not. I knew how customers felt about being asked for additional margins, particularly when they think you ought not to begin shouting for help until the very last minute. But I thought that was the only way to protect the firm, which was my job, and also it was up to me to keep from going insane with worry. When it was all over, nobody found fault with me. That night all of us stayed in the office until the next morning, figuring our margins and casualties. I remember we all went to breakfast together at a near-by restaurant.

Nobody made money to speak of that day because, though there certainly were bargains galore, it was impossible to get orders executed when things were at the worst—that is, at the lowest prices. A little later I heard a story that came from the front office. We had nobody short of Northern Pacific in the office, thank heaven, but when the cornered stock sold at one thousand dollars on the New York Stock Exchange Mr. Reade remembered that he had bought years before some Northern Pacific for an intimate friend of his—Henry Hall. Mr. Hall was dead, but his widow was a great friend of Mr. Reade's family. He called her up, busy as he was.

"Anne," he said, "do you know whether you still have that Northern Pacific stock we bought for Henry, or did you get rid of it?"

"Oh, no," she answered; "I still have it."

"Are you sure it's Northern Pacific?" persisted Mr. Reade, who had other women customers.

"Yes, I noticed it the other day when I was looking over some mortgages."

"Where is it?"

"It's in the safe-deposit box."

"Well," said Mr. Reade, "if I were you I'd get it and bring it right over to the office."

"Why, what's the matter?"

"The matter is that it is selling at one thousand in New York this very minute."

"One thousand what?" asked Mrs. Hall.

"One thousand dollars," said Mr. Reade. "If you are going to do anything about it I wish you'd hurry up, Anne."

"Goodness, do I have to bring it down myself?"

"I don't care how you get it to me, but I've got to have the certificates properly indorsed right here in my clutches. I don't dare to take a chance. Please make haste, Anne. It might not stay up there very long."

"I'll go at once to the safe-deposit vault and bring the stock down to you. That's all you want, isn't it?"

"That's all. Is it two or three hundred shares?"

"One certificate is for five hundred shares and the other is for one hundred."

"Heavens! Hurry up, Anne!" shouted Mr. Reade, and then somebody in the office yanked him away from the telephone on urgent business.

In the excitement Mr. Reade forgot about Mrs. Hall's six hundred shares of Northern Pacific, that had cost Henry Hall about $18,000. But a few

days afterward Mrs. Hall was dining at his house and he remembered.

"Oh, by the way, Anne, what happened to you that you didn't come to the office Thursday? Did you discover that you didn't have the stock after all?"

Mr. Reade had been tempted to sell it even before she delivered the certificates for he felt certain the corner would break and the price with it. But now he was glad he had played safe.

"Why, no," answered Mrs. Hall. "I have the stock."

"Why, in heaven's name, didn't you bring it down as you promised?"

Mrs. Hall, I may say, was comfortably off, worth perhaps two hundred and fifty thousand dollars.

"Well, you remember it was nasty and drizzly that day," she said, as though that explained all.

"What did that have to do with your selling the Northern Pacific at one thousand dollars?" asked Mr. Reade.

"Well, I just thought I wouldn't go out. A thousand dollars wasn't such an awful lot for the stock, so I stayed home."

"Not such an awful lot!" yelled Mr. Reade. "Why, you had six hundred shares."

"Yes."

"Well, you could have got six hundred thousand dollars for your six hundred shares. That's what you lost."

"What?" shrieked Mrs. Hall.

"That!" said Mr. Reade.

Of course Mrs. Hall would not have got one thousand dollars a share for her stock as things turned

out, but she might have got five hundred. At all events it gave Mr. Reade a story to tell whenever anybody mentioned women in business to him.

In the course of a man's life many things happen that look like unavoidable progress and are in fact forward steps, and yet are neither the outcome of deliberate effort nor the reward of industry or ability. I do not know how satisfactory my work at Reade's was to my employers. All that I know is that I was promoted several times. But my work was always in the back office.

Now in the personnel of a brokerage house there are two divisions. One is the clerical end that keeps the books, the records, makes and accepts deliveries, and all such matters. The other division consists of what you might call the producing end—the fellow who gets the business. Neither division can do without the other any more than an army can do without the quartermaster's department and the fighting forces. An army may march on its belly, as Napoleon remarked, but the battle is won by the fighters, and in business the fight is for business so that the business getter is most liberally paid. To succeed, he has to exercise more faculties than the record keepers and tabulators. He must be more aggressive and his mistakes may rise to the importance of defeats. He has more responsibility and therefore makes more money.

I was attracted to that end of the business as soon as I understood the difference. I knew I should learn the business from the ground up, and so long as I felt I was learning I knew I was increasing my assets. When a man feels he is increasing his capital it isn't difficult to peg along at a particular task.

But there was also a personal factor to consider, and that was my desire to make money for the firm. I knew that would make money for me, as well as give me the pleasure of being right, of winning, of feeling useful.

Still, I could not promote myself out of the back office into the front office where the partners and the customers' men—the go-getters—were. Patient merit had not been enough up to the summer of 1901. I was still margin clerk—one of several back-office men. It was vacation time; I think July or August. We took turns doubling up for those who were away. I was doing the work of one of the bookkeepers. It was as hot as Tophet and I had my sleeves rolled up. I was conscientiously making entries in the ledger. I may say that I never was a good penman nor a first-class bookkeeper, and it was no trouble whatever for me to get my sweaty arms on Fred Beck's nice ledger.

Mr. Reade, the senior partner, came into the back office that midsummer afternoon, as he did every day, to look over the books. He was a thorough business man, of the old punctilious kind.

He took in my smeared page and then speaking very deliberately and distinctly he told me, "Wing, you are, without any exception whatever, the worst bookkeeper I ever saw."

It did not hurt me to have others know what I knew unashamedly. I didn't see why I shouldn't admit it, so I said, "Mr. Reade, I don't doubt that for a minute."

He gave me a wicked look, to see if I was deliberately impertinent, though I really had spoken as respectfully as I could. But I guess I puzzled him,

for he asked me, "Just what do you mean by that?"

"You said I was the worst bookkeeper you ever saw, and I couldn't deny it. I know I am not a neat bookkeeper. I never felt that I was born to be one. If I thought that is all I would ever get to be in this office I'd resign this minute."

"You would?" he said. I could see that he was really peeved now. But I knew I wasn't going to be a bookkeeper if I had anything to say about it.

"I certainly would," I said. "It isn't the height of my ambition to fill that kind of a job. I want to get to be more useful to the firm than I could ever be as a bookkeeper back here."

He certainly kept his eyes on mine a mighty long time. I remember I was glad I had told him what I had. It was time he knew what he couldn't make out of me, and time I escaped if he had such a thing in mind.

Well, he stood there frowning at me quite a long time. Presently he walked away without another word. I went back to my ledger and tried not to blot the pages again with my sticky forearm. It made me more positive than ever that bookkeeping was not for the likes of me.

The next morning, soon after Mr. Reade got down, I was summoned to his private office. The market had not opened, margins were O.K., business was very dull, and there was no reason why the boss should want to see me so early in the day.

"Wing," he said, without any preamble, "I want you in the front office. You will have to handle some of our accounts."

That was all.

"Thank you very much, sir," I said gratefully.

You see, though I understood from his silence that the pay remained the same, the change was distinctly a promotion. I had a chance to work at what I had wished to do for a long time.

I got much valuable experience in the front office, for Mr. Reade was an able man. He was one of the most successful stockbrokers in Boston, and a great money maker. He was, however, greatly handicapped by poor health. There was a big sofa in his private office and every afternoon he took a little nap. It refreshed him and enabled him to do much more work than he could have done without his nap. I certainly had to do a lot of lying to customers when they wanted to see him. I'd tell them he was out, but it was some job to keep our big customers out of the room when they'd tell me they would wait for the boss in his private office. There were times when the customers would insist upon giving their orders to Mr. Reade in person. No, I wouldn't do. It was Mr. Reade or nobody, for you see what they really had in mind was buying or selling certain stocks, provided Mr. Reade approved. Brokers in those days did not keep as many clerks as they do now and the partners did a great deal of the work themselves, handling the orders and keeping in personal touch with the customers. There wasn't so much golf or motoring, and the boss was apt to stay in the office until quite late.

6

I had a great time in the customers' room. So far as my own judgment of the stock market went, I simply followed Mr. Reade. As a matter of fact, I am a very poor judge of the market. Speculating, in the sense in which most people mean it—that is, gambling—has never interested me. The investment side, the permanent part of a business, appeals to me, but the customers' room of a stock-commission house is a great place to study human nature. It is more interesting than really instructive, because of the monotony of the main motive. These men are there to make money by investing in good stocks or by guessing which way the market is going, up or down. The trading principles don't change very much, but the attitude of people toward things changes from era to era. At that time, as I told you, Boston was famous for the alternations of investment with gambling markets. I never learned how to urge people to gamble. I had one thought then and I still have it, and that is that it is more important for my customers to make money than anything else. I realized that my customers must make money if I was to keep them.

There were all sorts of types in that room, as there are in all customers' rooms. Such similarity as there is among customers is what you might call an inevitable family resemblance, resulting from a common desire and the same hope among them. I have forgotten the names of most of the traders in Reade

& Co.'s office that I used to see every day, but I remember their characteristics. There was a chap who was nicknamed Edison. He was an inventor and I suspect he had a pretty ingenious mind when it came to his own line, which I believe was electricity. I didn't know much about his private affairs because he was not one of my customers, but he was a type. He was a great hand to harp on first principles. You'd think, to hear him talk about the philosophy of stock speculation, that there wasn't anything about the game to which he was a stranger. If anybody ever formulated a rule that he did not know by heart, I'll eat it. If the market was dull and one of his friends asked him what he thought of it he would answer sententiously, "Never sell a dull market," and look wiser than James R. Keene. If an unexpected increase in the dividend rate of an active stock were announced he would observe, "Good news is always discounted." If anybody was bearish and it happened to be April he would quote Addison Cammack: "Never sell 'em when the sap is running up the trees." As he had a why and wherefore for everything that should be done or not done in the stock market, I think he thought he was the wisest man in that room. That made him quite a trader. A man who could always find plenty of sapient saws to justify him was bound to put his wisdom to work. The only trouble was that he generally did the wrong thing. His first principles were grand, but his practice was rotten. Those same stocks whose rules of conduct he knew by heart had a habit of breaking those rules; and that broke him.

He went broke regularly; on an average three times a year. He would disappear for a while.

After some weeks he would come back with a fresh stake. He would explain that he had been home, busy inventing.

It was true. He was an electrical expert and quite an inventor. Some of his devices are used to-day by the United States Navy. Well, he would invent something, sell it to the General Electric or the Westinghouse people, and come back to the office. He used to come in at 9.30 every morning, read all the news slips and market gossip, and map out his campaign for the day. He would stay until 3.30 in the afternoon and chew the rag and explain why the market had done thus and so, or failed to do the other thing. He was a special customer of Bob Keown, who made a specialty of handling the eccentrics of the office. Bob said "Edison" had been busted fourteen times in six years, and each time he had retired for a few weeks and come back with a fresh assortment of market rules and aphorisms, and also adequate margins. It seemed he was a pretty rapid worker and never had any difficulty in selling his inventions.

That chap took no interest in anything else. His life consisted of earning money inventing and of spending that money speculating. Mr. Reade tried in vain to get him to invest in good stocks or to buy himself an annuity. But he did not care for clothes or a home. He lived as he wished. He invented with great ease and took a heap of trouble to be wrong in the market. Years after I left Mr. Reade's employ I asked about "Edison," and Bob told me he was keeping up his regular work, inventing and going broke.

We also had several of those chaps who so hate to

make mistakes that they never make any. I mean the kind that for some mysterious reason can't bear to acknowledge that they were wrong and take a small loss. I suppose the basis of it is a combination of vanity, hope of improvement and congenital obstinacy. You find them in every broker's office. One of those in Reade's was a chap who told me that, in heaven knows how many years of trading, he had never once taken a loss and never intended to take any. He had some money safely invested and he used to trade in a conservative way in our office. He also was one of Bob Keown's charges. He never sold short; always played the long side. He hit it about half the time and made some fair profits. When his purchases went against him he held on. He would stick to his stock for years, through receiverships and reorganizations, and even pay assessments. He had quite a collection of stocks that showed him losses, but on the other hand he had a marvelous fund of stories to tell about how he held on to this or that stock, carried it at a loss for years and in the end sold it for a small profit. Of course when his errors got down so that they were selling for a dollar or two he would take them out of his speculative accounts and turn them into investments at subcellar prices. His stories of how his patience and tenacity were rewarded were quite interesting. I wish I remembered the details. Of course it was no use to tell him how much better he would have done to have taken a loss at the beginning of the slump and kept all that capital available for new trades. But taking a loss was beyond his strength. He simply couldn't do it.

I recall also a Captain Middleton, who as a rule

didn't have much to say to anybody, but when he did talk was rather sarcastic. He was a pretty successful trader and was ahead of the game when I was with Reade. He had a great habit of asking opinions, but only at certain times. Whenever the market got into one of those periods of indecision, when the most careful trader really does not know which way to trade, Captain Middleton made it a practice of consulting his fellow customers. He would go around the room asking every single customer there what he thought of the market—that is, in which direction the next swing would be. He kept careful tab on the replies, and every time the opinions expressed showed a strong majority in one direction he would begin trading on the opposite side. He evidently argued that the majority must be wrong, as the majority always loses. It was the old broker's saying, "Copper your customers and make money," which was the reason why so many bucketeering brokers stayed in business so long. Captain Middleton, as a matter of fact, made more than he lost, at least in our office.

I suppose any place where men congregate is a good place to study human nature, but Reade & Co.'s customers' room taught me many things of value. In learning how to handle a broker's customers I learned the danger of inaccurate generalizations. We did not have the class of plunging customers that I have seen in certain New York offices during booms, but we certainly had our share of variety.

I remember a young man who came to us with a letter of introduction from an old customer. He had the hottest kind of a tip on C. B. & Q. He said

he knew New York bankers were going into the open market to buy for control. The headquarters of the railroad company was in Boston, and the report was not confirmed by them. But the new man was positive and he bought one hundred shares at somewhere around 125. He had taken all his money out of the savings bank to do it. When I gave him the report of the purchase he sighed with great relief, as though he had been afraid something might happen at the last moment to keep him from getting the stock.

He got in the habit of coming in around 12.30 every day. I imagine it was his lunch hour. As it happened, James J. Hill was buying Burlington in the open market for account of Great Northern and Northern Pacific.

The stock, you doubtless remember, began to climb. It went to 130, to 140, to 150, almost without fractional reactions. Long before it got to 170 we knew it was no crazy bull move, but a big deal. The owner of the one hundred shares would come in every day without fail and look at the board where the quotation for C. B. & Q. showed him a huge profit. The other customers and I used to talk about that wise young man, but he was not communicative. He just stared and frowned at the quotation board.

The day the price touched 180 I said to him, "That makes over fifty points for the movement, doesn't it?"

He nodded and snapped, "It's going higher."

"You think so?"

"It's got to!" he said.

His tone made you think he was doing the hoisting with his own hands. But I wasn't going to argue with a man who had the gumption to be long of a stock that showed him fifty-five points profit. Pretty soon he went away. That afternoon I happened to be talking to Bob Keown about it, telling him how much everybody thought of the young man who had brought the Burlington tip into our office, and had the nerve to see it going up and never dream of taking profits.

"And so you all think he's a wise guy, hey?" said Bob.

"Well, isn't he?" asked one of the customers.

"Well," said Bob slowly, "I suppose you fellows are right. For six weeks you've envied that chap's nerve and his profits. Well, sir, he sold out his one hundred Burlington at 127⅛. He held it exactly forty-six and a half hours."

"But every day he comes and looks at Burlington," protested one of the customers.

"I'm a decent kind of a man," said Bob, "and so I didn't remind him of his wisdom, not once. Think of what he goes through every day when he sees the price and then thinks of the reputation he gained among an undoubtedly intelligent crowd of traders for not selling too soon."

And that was another lesson I never forgot.

One of the first customers I ever got all by myself was a dentist who had been recommended to me. He was a pretty competent dentist and did good work. When he found out that I worked for a stockbroker he didn't talk of anything but the market. It seemed he not only read the financial

pages of the newspapers but he believed every word he saw there, and he used to do his own analyses of the market.

"All I want," he told me, "are the facts. You can't go wrong if you go by facts and leave tips and hunches to the suckers. That's the way I play the races—on form. I am my own tipster, and my information is always straight because I only accept official figures."

He confessed he had been trading for years. In most offices, he said, they had men who talked a lot and gave advice, but if the brokers' men knew so much, why didn't they make millions taking their own tips? There was much more in buying stocks for yourself if you were right than in buying them for outsiders at twelve dollars and fifty cents commission per hundred shares. No, sir, no brokers' hot air for him. He told me he had changed brokers two or three times because they didn't leave him alone to pick out his own winners but suggested objections and bred doubts that influenced his judgment. Or else they didn't keep him posted. His work was such that he couldn't leave every few minutes to see the tape.

I didn't say anything, because I couldn't. He had a rubber blanket in my mouth. Then he asked me if I could keep him posted, in case he opened an account with us. He didn't mean the whole market, only such stocks as he might be long or short of. I think he got a little careless with the drill just then and hurt me. So I grunted.

When I was able to speak I told him I'd do anything he wanted, provided he didn't hurt me again while I was in his power.

Well, he opened an account with us. He had a theory that he ought to spread his operations over a lot of stocks. Instead of carrying fair amounts of one or two active stocks he used to have odd lots of half a dozen or more. I used to telephone him the fluctuations and any statistics that came along and gave him pretty good service.

One day we got some bad news and the whole market became very weak. I telephoned him he'd better come over because some of the specialties were breaking rather badly, and I thought his stocks would probably go down with the rest. A weak and active market meant a lot of work for me with my other customers, and I told him I might not be able to keep him posted as closely as I'd like to, though of course I'd do my best.

"But I can't possibly get away just now. I have a patient in the chair now that I can't leave. It would undo a lot of hard work. What's Steel?"

I told him and asked him if he wanted to put in some stop-loss orders. But he yelled that he didn't. All he asked me to do was to tell him when Steel broke through a certain price. If it did he'd tell me what to do.

Well, the market got weaker and weaker and finally Steel broke through the price my dentist had named. I think it was 40. So I called him up.

"What is it?" he said. He knew I knew what he meant.

"It's 39⅞! And a half!" I said. He had paid around 42 for it.

"What? 39 for Steel!" he yelled. "I'm coming right over!" and hung up.

His office was six blocks away, but it seemed to

me he was in our place in about thirty seconds. He could hardly speak, he was panting so. I pointed to the board. They were all lower.

"Sell 'em all out!" he gasped.

I rushed off to give the orders. I was pretty busy and so I didn't get back to him until I had the reports. He was still studying the quotations and smiling, not because he had lost but because everything had gone still lower, and he had stopped in time. Next to making money is the pleasure of not losing any, especially when others are not so lucky.

As he lingered when the market could only have an academic interest for him, I asked, "What did you do with your patient? Leave him in the chair?"

"Leave him in the chair? Like hell! He heard me say 39. He was long one thousand Steel in Wilder's office upstairs, and he beat me to this building by twenty yards!"

7

When I became customers' man for Reade & Co., I had been more than two years learning the brokerage business. Before that I had already made up my mind that it was a good business and that New York was the place to do it in. I knew the clerical end, and now in the front office I was getting to know the profit-producing end. After all, business success consists of success in getting business, and I used to think of what I might do if, or when, the opportunity came. I didn't plan to sit down and wait for opportunity to knock at my door. I knew I must go out and meet it; but I intended to know exactly what to do when I held it up. I read everything that I could lay my hands on that had any bearing on the ways of New York stockbrokers—books, newspaper articles, magazine stories, everything. I made it a point to listen to the customers. The old ones told me of the past, and, as you know, there is much to learn from the experience of others. Moreover, there is far more financial history unwritten than there is printed, and that kind you can get only by word of mouth. By listening I found that I learned a great deal, not alone about market matters but about the customers themselves. You get a pretty good line on a man by the way he reacts to news and events. His point of view, what he assimilates, what he misses of the lesson—all are instructive to a broker, who must learn to know his clients. From the younger men I learned how in-

experience views the same events—and one always has inexperienced customers. I began to perceive the workings of hope when unsupported by knowledge, and of fear when unchecked by comprehension, and the always-present danger of greed, which blinds men to the obvious and to the inevitable.

I didn't get all this in a month. But I really saw the educational possibilities of my new job in Reade's front office almost from the first. The customers were the men to whom I would have to sell service and knowledge. Hence what my own curriculum must be was plain to me, because my needs were not at all mysterious. I was lucky enough to realize that so long as I was learning I could afford to let everything else wait—my own wages, my own wishes or the kind of job that would please me the most. Patience on my part wasn't as admirable as it sounds when I tell about it. I never sprint excepting on a clear track. In any case, I was not thinking of my New York career with such impatience as to unfit me for my work in Reade's. I was known in Boston, after my four years at Cambridge, and three years with Devlin and with Reade. I knew no end of people who knew me. In the brokerage business I at least had mastered what Bagehot calls the idiom of the place. An employer could quickly classify me and accurately appraise my worth to him. All this made Boston a comfortable place in which to continue my business education. But I never lost sight of the fact that New York was the place for big business.

I spent my annual two weeks' vacation at home of course. I must say here I don't believe there is a nicer place in which to spend a fortnight's holiday

than Maine. I say this not because I'm a Maine man, but because I've been in many other places and I know.

While I was home I was just my father's son and welcome guest, and I had a much nicer time than a fifteen-dollar-a-week broker's clerk could reasonably expect. I may confess here that in those days of my virtuous apprenticeship I used to get an allowance from home, not munificent, but enough to keep me from unnecessary hardships. I considered that it was plain business sense for me to ask and accept that allowance, and I want to tell you that it was at my own insistence that it was not excessive. As soon as I had an income that enabled me to save money after paying for a moderately comfortable living, I began to repay my father. As long as I knew I was not extravagant I did not have to stint myself of decent food and a comfortable room. In time I paid back every cent my father had sent me while I was at school and college and at work in Boston. I wanted to do it. I wanted the feel of it; not the gesture of it, but the consciousness of it. I never owed money to any one except my father—I mean personal debts—and I didn't want to owe him; not money, that is. And I can tell you this, that it gave my father just as much pleasure to get my checks canceling my indebtedness as it gave me to send them to him. He returned the compliment in the only way he could. When he died he left me every cent he had. Of course I was the only child, but I had done very well. I was a partner in the firm and had enough for all my needs and more. But I knew exactly what was in his mind.

It was up in Maine that summer that I met a man

by the name of Watts, who is to-day the president of a big Boston bank with which my firm has very close affiliations. He had a brother, Tom, who was then in the office of Bronson & Barnes. I knew the firm of course. It was a reputable brokerage house, and did a larger business than Reade & Co. But what interested me from the start was the fact that they had a branch office in New York. That showed me that they did a pretty good business. For a number of years they had had as New York correspondents two and at times even three well-known Stock Exchange houses. Watts told me Mr. Barnes once told him that they kept quite a balance with those firms, so that if one of them should fail it would mean a pretty hard whack for Bronson & Barnes. The firm finally decided to open an office in New York and do their own clearing. Neither Colonel Bronson nor Mr. Barnes would go to New York to live, so they took in as partner Mr. Joseph Williamson. They bought him a seat on the New York Stock Exchange and put him in charge of the New York office. Mr. Williamson was the board member. He was busy on the floor all day executing the orders that came over the wire from Boston.

All that I had heard about Bronson & Barnes was good. But Watts had put just one thought in my head. So I asked him, "Do they do much New York business?"

"How do you mean?"

"Does Mr. Williamson also attend to getting business in New York or is the New York office simply to execute the orders from Boston and save commissions and clear stocks?" I asked.

"I don't imagine they've gone after New York

business very hard. I say this without knowing positively, but I rather suspect my brother, Tom, would have mentioned it to me if they had."

"'I am very anxious to find out," I told Watts.

"Why?"

"Because I want to get a job in that New York office."

"Do you think you can get business there?" he asked me.

"I've been planning to do something like this for over a year now," I told him. "If they send me there to get business I'll get it. How much I can get in a week or a month or a year I don't know. But I'll get some, and you know that nothing brings business like business. Getting more when you have some is no job, but getting some when you haven't any is harder and takes longer. But, anyhow, I know this: That New York is the one place in the United States where you can get enough stock business to make it worth while; and I am heading that way."

I don't know whether my words or my manner made an impression on Mr. Watts or whether it was because he was such a fine helpful man or because playing tennis together had made him friendly to me, but he promised me with much earnestness: "I'll speak to Colonel Bronson about you when I get back to Boston. I'll make it a special point to do so."

"That's very nice of you, Mr. Watts," I said, "and I am very grateful to you, but I wouldn't put you to all that bother."

"It will be a pleasure, Jack," he assured me, and I could see he meant it.

So I promptly said, "All the same I'd feel much

easier in my mind if you just gave me a letter of introduction to the colonel. Do you object to doing that?"

"No; of course not. Bronson is running for mayor of his home town. He has promised to give that burg a business administration, and as he is a man of his word and hasn't one enemy, he will not only be elected but he will probably spend all his time in the city hall keeping his promise. He is the kind of man who never does anything by halves."

You see, I didn't doubt that Dan Watts would be willing and even glad to speak to Colonel Bronson about me—if he happened to think of it or if the chance offered when he could do it in a nice way—but the fact that I was set on getting the job didn't blind me to the fact that the friendly intimacy which vacation time and the holiday mood breed among men does not long survive the atmosphere of the city, where the bread-winning needs take so much concentration and time. You go camping with a comparative stranger, or sailing or fishing. Time exists then for pleasure, for being merry together, and not for making a living for yourself. In three days in the woods or on a boat you call the stranger by his first name. He'd do anything for you because he knows you'd do anything for him. He's a good fellow and you're a good fellow, and in your sudden but close companionship you find the twin of an old and tried friendship. After a fortnight together you are Damon to his Pythias. If it so happens that you have both been in danger together, however slight, why, you simply turn into the Siamese twins.

But after a few weeks in the city each goes back

to his own life and Damon forgets Pythias' last name. So I decided to take no chances, and made sure I'd get to see Colonel Bronson by making sure of the letter of introduction. After I got it I asked Dan Watts to speak to his brother, Tom. I knew Tom slightly. I had met him at luncheon with other colleagues—fellow clerks in other brokers' offices.

When I got to town the first thing I did was to get a cousin of mine, who was the head of a big corporation, to give me another letter of introduction to Colonel Bronson, whom he knew very well. That suggested to me that I might as well go to Colonel Bronson well fortified with references, so I asked everybody I knew if they knew Bronson, and those who did had to give me a letter of introduction. In between times I found out a lot about the firm. It made me more anxious than ever to land that New York job.

I think I took seven letters of introduction with me when I went to the office of Bronson & Barnes and asked for Colonel Bronson. Mr. Barnes in those days was the board member and was busy on the floor of the Stock Exchange.

I can't tell you exactly what my first impression was of a man who not only became my chief and honored senior partner but, to boot, a kind and staunch friend whose example has been an inspiration to me as to hundreds of others. You see, I came to know him so well and to have such affection for him that I cannot describe accurately what I thought of him the first time I spoke to him. I know I was neither awed nor repelled in any way. He was, it was easy for me to see at once, kindly and shrewd, pleasant and businesslike, genial and alert.

I may say that those to whom I had spoken had probably prepared me for what I found in him—among others Tom Watts, Dan's brother, a very clever chap who was a clerk in the colonel's office and is now one of our partners.

Well, I gave my letters of introduction to Colonel Bronson, and he read each and every one from the letter-head to the typist's initial at the bottom. When he had finished reading them he turned and looked up at me not a whit more kindly than before he knew how many of his friends were also my friends.

"What can I do for you?" he asked me.

I thought of Dan Watts' enthusiastic approval of my decision to go to work in New York for Bronson & Barnes. I said, "I've been advised to get a job with Bronson & Barnes."

"Oh, there must be some mistake," said Colonel Bronson regretfully.

"No mistake, sir. This is the office," I assured him.

"My dear boy, we have more help than business just now," he said, and laughed.

It made it more hopeless, his laughing did, than if he had frowned. But I neither saw nor heard him. All my mind held at that moment was the one thought that I must go to New York, where the business was, and that Bronson & Barnes was the one firm in the world to get that business for. The New York notion had been mine for a year or more, but the firm I adopted then and there.

I rather imagine the colonel saw I hadn't taken in his remarks. He repeated them for my benefit.

"Why, yes; we have more help than business just now."

"I can't help that, Colonel Bronson. I'm not thinking of wages. I want to work for you because this is the one firm that I want to do business for. I want to be trained in this office. I know all about you, and when you know me and I learn to do business the way you want me to do it, I am going to your New York office and get business for you there. In the meantime the amount of help you have doesn't matter, because you don't have to think of the money I'll cost you. You can fix that part to suit yourself. But this is certainly the firm I am going to work for, and I might as well begin now as later."

I remember my own words accurately because it was an important occasion for me, and besides, Colonel Bronson has repeated them to me dozens of times. He says I actually took off my coat and looked around his private office for a hook to hang it on. But I didn't. I waited until he spoke again.

"And when can you go to work?"

"This minute," I said, and I guess I instinctively felt for my top coat button. But Colonel Bronson shook his head.

"Hold on," he said. "We really have all the help we need."

"In New York?" I asked.

"Yes."

"And have you all the business there that you can handle?" I persisted.

He hesitated, then—

"We are always willing to grow and take on more

help. Just at this moment I am in the throes of a municipal campaign in Shoreham. You come in and see me after the election. If I am elected I shan't be in the office so much, and perhaps Mr. Barnes may find a place for you. But I may not be elected."

"Well, Colonel Bronson, I hope the election will go the way you wish it to go. But I'll come in for the job anyhow. Good luck, sir," I said, and was going away when he called me.

"Hold on. Shake hands." And I did. I felt that I got red all over and then he laughed. I suppose it was because I blushed.

As a matter of fact, he was elected practically unanimously. I have heard that he got every vote in the town except six, and those were probably Democrats who hadn't lived there more than a few months and didn't get around among the natives much. The total vote was several thousands, so you can see for yourself what kind of man Samuel Adams Bronson was considered to be by people who had known him for years.

The very next morning after the election I went down to his office. He wasn't in, and had sent word that he wouldn't be until the afternoon.

At 12.05 I was back at the office. He was in. It wasn't hard to get to see the head of that firm of stockbrokers then or at any other time.

"Good afternoon, Colonel Bronson. I congratulate you, sir," I said. I suspect I looked as if I had come in to see him as a mere matter of form, before going to my desk in the next room.

"Thank you. Let me see, you are Mr. John Wing, aren't you?"

"Yes, sir. Thank you for remembering. Now

that you are elected I am ready to go to work at anything you say."

"You are, eh?"

"Yes, sir. The important thing to me is to go to work here."

"Are you as keen for the brokerage business as all that?"

"It's a good business and that is why I wish to learn to do it the way Bronson & Barnes do it."

"You approve of us, hey?" He was smiling. His good humor probably was the momentum of his satisfaction over an unprecedented political victory.

"I found out a great deal about the firm. Yes, sir. And the more I found out, the more I wanted to come to work here. I had some of those letters of introduction ten days before I called on you. The reason was that I wanted to make sure this office was what I had heard it was. And it was. And I am here, sir, hoping you'll take me in."

"Well, it's very nice to hear that. But I am afraid the situation here is still the same—more help than business."

"Of course," I said, "as I told you, the salary needn't worry you, and then it isn't here that I want to work, but in New York."

"Why?"

"Because New York is where the business is; and where the business is, that's where I want to be, because I want to get lots of it."

"But you don't know anybody there."

"No, sir. But you know that that merely makes it more interesting to go after it. It seems to me that the New York stock market is growing so fast that everybody in the United States will have to go

there in time, and I'd like to get there before the crowd is bigger."

"And you think the money is there?"

"I know the business is, and where the business is the money is."

"Always?" He smiled queerly.

"Yes, sir," I said. "That is, if the business is the kind of business we want. If I can get the business the firm will make money. You wouldn't take the business I'd get if it wasn't the kind you wanted, would you, sir?"

You know, I wasn't very old, and I don't think I looked my age at that. My talk must have sounded youthfully overconfident to the colonel. He looked at me steadily. I want to tell you that Colonel Bronson is a kindly, genial man, one of the best mixers in the world and really very generous. But also he is very shrewd—keen, observant and wise. His partner, Mr. Barnes, once told me, "Sam Bronson always does a thorough job of everything he undertakes; but beyond all question, the most thorough job he ever did was on Samuel A. Bronson."

He stared at me, undoubtedly sizing me up. But I wanted that New York job so much that I imagine he must have read it on my face plainly.

"Wing," he said seriously, "we'll take you on. We are after business, and we know that the way to get it is through the right kind of men to help us."

"That is what I was told, sir," I said. "And that is why I was so anxious to come here."

"When can you go to work?"

"Right away, sir. I'll go back and tell Mr.

Reade, and I'll return immediately. It won't inconvenience Mr. Reade in the slightest, sir."

I went back to Reade & Co.'s office and saw my chief. I told him that Colonel Bronson was ready to take me on, and he said, "Jack, you go right over and stay there."

It was the first time he had called me by my first name. He was a fine man. His health was not good, but he was never peevish. He retired from active business some years ago, but to this day we are friends.

I went back to Mr. Bronson and told him I had told Mr. Reade and that Mr. Reade had made me drop everything and hurry back to Bronson & Barnes' office. Colonel Bronson smiled, and then we had a little talk. I confessed to him that if it had not been for the fact that Bronson & Barnes had a New York office I wouldn't have applied for a position, although my investigations had convinced me that if I elected to stay in a Boston brokerage house his was the firm I would have chosen. I have never been circuitous. To me, as a boy and later as a man and a stockbroker, my job has been to do certain things as quickly as was safe and as directly as was possible. I assume I followed that habit in my first heart-to-heart talk with Colonel Bronson, and I assume equally that, according to his practice, he was sizing me up. What he learned or suspected I do not know. What he says is that I never gave him a chance to turn me down.

Mr. Barnes I did not meet until the next day. He was busy all day on the Stock Exchange. When I did meet him I liked him immensely, and it simply made me two hundred per cent certain

that I had picked the right people to tie up to. I didn't reach this conclusion because Bronson & Barnes had grown so much in the fifteen years they had been in business together, but because of the way both of the partners spoke about their policy as brokers and as gentlemen.

I am more than anxious to impress upon you that from my first talk with my new employers I was made definitely aware of the fact that Colonel Bronson and Mr. Barnes were less interested in the dollar profits of the business than in the real success of the business itself. To have a business that paid good profits was, of course, desirable; but it was more important that the business should be both clean and dependable. It was up to the firm and their help to see to it that the clean part was kept clean, and the dependability could be assured by sound methods and the maintenance of pleasant personal relations between the firm and the customers. This did not mean handshaking or sunny greetings, because the firm went on the principle that faithful are the wounds of a friend, and didn't hesitate to give unpalatable advice whenever needed. But each clerk and office boy in the office was made to feel first that the firm's interest and his own were one, and second that all must look out for the customers' interests, because it was on contented customers that the success of the firm and of the future partners depended. Mr. Barnes, without making specific promises, made all the boys in the office feel that they carried a marshal's baton in their knapsacks, like the common soldiers of the great Napoleon, and you know how they fought. Well, that is

how we worked. Bear in mind this when you come to measure the growth of Bronson & Barnes' business.

Colonel Bronson called me in to see his private office the next morning. It was my first forenoon with the firm. After I had a talk with Mr. Barnes, who was getting ready to go over to the board, Colonel Bronson told me that I could go out and sell bonds. He knew I had no experience in that line, and he made no suggestions. The one fact that he deigned to vouchsafe to me—probably with malice prepense—was that the firm had quite a block of Commonwealth Cast Iron Pipe first fives to dispose of, and I had the privilege of helping to find a market for them. Never a single selling tip to the poor young man from Maine who wanted to go to New York to drum up trade for the firm; never an indication as to whether the poor young man could go to somebody in the back office for guidance or advice. He simply told me to do the most difficult thing in the world—to go out and make money for somebody else by making utter strangers buy something of which I knew next to nothing.

The bond-selling department of such stock-commission brokerage houses as ours was not then organized as it is to-day. Of course the old-established investment houses had salesmen who went out among the country bankers and trustees of estates who invested money for others. These firms also did a regular mail-order business. But stock houses had no such separate department. There wasn't the call for it. Orders for such bonds as were dealt in on the Boston or New York stock

exchange were given out to bond specialists on the floor. Bond selling was a different kind of business. The buyers were investors—men who bought once and did not buy again until they had accumulated another surplus or come into money not needed in the business. In the stock department there was some cash or investment business to do, but most of it was speculative or semi-speculative. It was a different breed of cat and required a different technic.

I realize how difficult it is to teach first principles when the task that you have forced upon me compels me to think about it. Thus I find I cannot tell you anything that would be of much practical value to a youngster starting out as I did—willing but unprepared. I freely admit that I have sold a great many millions of securities, but I cannot tell you much more about the how of it than that I just went ahead and did it. The only technic I knew was to keep at it and try and try until I had sold what I had to sell.

And now I'll go back to my first experience as an employee of Bronson & Barnes. I had to sell Commonwealth Pipe fives, of which the house owned a pretty good block. Well, I got my selling points from the circular the firm had got out. Then I found out all I could about the company. I just went about the office and found where to get the data I wished to know—which were the character and volume of the business the company had been doing and expected to do, the profits, and the property holdings—that is, the security back of the bonds. I simply sold myself some bonds, and to do this I was compelled to answer my own ques-

tions. At any rate I couldn't help finding out all about the merchandise before I could sell it to myself. Thus equipped I went out of the office of Bronson & Barnes to have a try at something in which I had no experience either at first or at second hand.

I wish I could tell you a story that would help young men or thrill your readers. But I cannot. If my job was in the nature of a test by the man to whom I had confided my wish to work in his New York office, I didn't dramatize it that way. All I can say is that I was out in the street, without instructions as to direction or methods, about to succeed or fail in the career which I had picked out for myself three years after leaving Harvard. It may have been a momentous occasion but I didn't even know which way to walk, leave alone which place to walk to.

I had not felt the need to think of destination or future, because my job in Bronson & Barnes' office up to that moment had been to study my line of goods. And now that I had the needed knowledge, my first step was to go out of the office, and I did. My second step was to stop a moment and look up the street and then down the street. I saw nothing but hurrying throngs and big buildings. Well, I couldn't hold up the pedestrians one by one and try to sell them bonds. But I could go into each and every one of those buildings and see each and every tenant therein. That being the case, I naturally picked out the biggest office building in Boston. I did so because it was only half a block away and because it ought to have the greatest number of tenants—inferentially, the most bond

buyers. Remember this was twenty years ago, when everybody had not been educated by a great war to buy bonds.

The building was on State Street. I walked over and took the elevator to the top floor. My plan was to go into every office in the building. I wasn't thinking of what an introspective soul would have been thinking—that my career was at stake, that I had to prove to Colonel Bronson that I was a business getter, that I must make good at any and all hazards for a dozen reasons. I can't recall that I indulged in any of those considerations with which a certain type of mind stimulates itself and is thereby spurred on to more enthusiastic attacks. I was there to sell bonds. Just that.

The first office I walked into was that of a small insurance agent. I don't think he made as much money at his business as I did at mine—but I talked to him and he listened. He was very nice about it, and I was very nice about it too. But there was nothing doing. Still I didn't feel badly about not selling the agent bonds, because I knew the fault was with him and his bank account, and not with me or my selling or my goods.

I went into possibly a dozen offices and saw the heads. In those days business men were not guarded as zealously as they are to-day, and I had no trouble in getting to them. But none of them bought. In one or two places I was rebuffed in a way that made me feel like a book agent, but I got over that feeling pretty quickly. You see, as the result of my study and because of my faith in Bronson & Barnes, I made up my mind that the bonds were a good investment and that the price

was reasonable, and that I was as good as the fellow I was talking to. He had other things to sell to his customers, but his goods in their way were no better than mine in theirs. I was there on a legitimate errand—to sell him something if he needed it. If I sold the bonds my firm would make some money, and that was the way I earned my bread and butter. The man that I was talking to was doing the same thing in his way. So I did not worry. I just kept going into one office after another. I had at the very start made up my mind that I wasn't going to skip a single one in that building.

I struck an office where I couldn't get to see the boss until after I had assured the young lady in the outer office that I had to see him on very important business. It was true enough. Nothing could be much more important than for me to see this man, because I had learned in the adjoining office that he was trustee for a lot of people and estates. I didn't know at the time that he was of the kind that get so many invitations that they are very difficult to land. He was a very able lawyer and had an expert's knowledge of securities.

Well, I got into his private office and began to talk Commonwealth Cast Iron Pipe fives to him. I didn't get very far when he interrupted me.

"What's your name?" he asked abruptly. He was frowning in a half perplexed way, as though he wondered how I had passed the watcher at the gate.

"John Kent Wing," I answered. I rather expected one of those excruciatingly polite speeches in which the full name is used with great solemnity

preliminary to an invitation to proceed to Hades.

"And where do you come from?" he continued, as though the exhortation hellward would be a model of elaborate courtesy.

"Bangor, Maine," I said, and waited with some curiosity. It was a new experience and, after all, I was not very old.

"Are you any relation to Henry Prentiss Wing, who was in Harvard—class of '64?"

"Yes, sir; he's my uncle; my father's oldest brother," I said.

"I was in his class; know him very well." And he held out his hand.

I shook it in the friendliest spirit in the world, and intelligently allowed him to tell me a few stories about some of the things he and Uncle Henry did at Harvard just after the Civil War. Young devils! Then I sold him some bonds.

Well, that made me feel pretty good—grateful to Uncle Henry and the class of '64. But you will observe that my first sale was not the result of any finished technic. Nevertheless it encouraged me so much that the John Kent Wing who left the office of Uncle Henry's classmate was a much better bond salesman than had gone in.

I spent the whole day in that huge and noble edifice. I didn't skip one office. Before I got down to the main street door I had sold fifty-five bonds of the usual denomination of one thousand dollars each. It was harder than I had hoped and easier than I had feared, which, I fancy, holds true of most undertakings in the average man's life. But it taught me one thing about myself, and that was that I really found pleasure in having some-

thing good to put up to people, and then in putting it up. And to make doubly sure of the pleasure, to put it up to nice people only.

Among those on whom I called on that first day was a firm of stockbrokers. They obviously did not do a very large business, but I did my best to interest them and tried to sell them a lot at dealers' prices. But they didn't buy. We parted friends. I ran across one or the other of the partners several times after that when I was out trying to do business. Just one month later I received an invitation to call at their office. They were very anxious to see me. I went up and they offered me a partnership. I thanked them warmly, but told them I was going to New York. I was really grateful to them for making me that offer. It made me feel that I wasn't so bad as a bond salesman.

I used to drop in and see my old boss, Mr. Reade. He told me that he had never met Colonel Bronson, but that he knew Bob Barnes very well indeed.

"I wrote him a note the day you left, and told him New York was the place for you, Jack," said Mr. Reade.

I can't tell you how grateful I felt to Mr. Reade for doing this without the slightest suggestion from me. He wanted to help me, and his letter certainly did so. I have made friendships in every office I ever worked in, that have endured to this day. I gave them my best, not alone in work but in good will and sincere interest, and they paid me in kind. My experience in life has shown me conclusively that we usually get from people pretty much what we give to people. When men tell you that you

can't mix business with pleasure they are all wrong. Business should be a pleasure. To excuse sharp practices by asserting that business is business is absurd. Decent men do business decently, and there is never room for regrets if one does one's decent best.

8

A man's success in business depends to a great extent upon his picking out not only the right job but the right firm. I have worked hard; possibly harder than the majority of men. But that alone is not responsible for what my friends call my success. What I am vain about is the way I picked this firm to tie up to. I want to tell you that I have never seen such a remarkable combination as Bronson & Barnes.

I heard an old man in Maine say once it wasn't always brains that was behind the success of certain copartnerships, but sheer luck—the lucky accident that brought together certain men who afterwards turned out to possess certain qualities that made the combination extraordinarily successful. He meant that such partners did not come together because each accurately sized up the other, but that fate brought them together. The success was logical. The partnership was an accident. To illustrate he cited the case of the Standard Oil Company. He questioned whether the oil industry would have developed along the lines it did if there had been no Standard Oil Company. And there could not have been a Standard Oil Company if it had not been for the fortuitous coming together of three men, each of whom had capacities that complemented those of the others amazingly—that is, the firm of Rockefeller, Flagler & Andrews. It wasn't because they refined petroleum or sold a

cheap and safe illuminant, but because they had the types of mind they did, and because of the peculiar aptitude of each man for a certain part of the job in hand.

The same thing has been said of the firm of McKim, Mead & White. Each of the partners was an unusually gifted architect, but each of them in charge of his own individual office never could have exerted the tremendous influence on American architecture that they together have. Each partner needed the two others, and the three together formed an organization whose worth is written large in our cities. I cite this case because they were not engaged in a commercial business. There is no end of other firms that I could mention.

Well, Bronson & Barnes was an unusual and happy combination. What the firm has become is the result of the fate that brought the two men together. It does not matter what one or another of the other partners did in later years. The growth of the business has merely a statistical interest for me. What I am proud of is the spirit of the firm, which has motivated all our actions and has been back of our deals. What we have made in dollars and cents we owe to hard work and to one or another business-getting partner. But what the firm is, that is the work of the founders, because each and every one of the thirteen partners began as boy or clerk in the office, and their business habits were formed there, because they were under the direct personal influence of the two seniors. That is why the firm does business the way it does. It is the only way in which it has ever done business. It is the Bronson & Barnes

way. What I say comes not from an enthusiastic partner, but from a man who knows what he is talking about. I propose to prove to you that a stockbroker's business can be and is conducted as honorably as any in the world, notwithstanding the indiscriminate condemnation of Wall Street men by demagogues and others.

The parent firm originally was Barnes & Allison, the senior being Mr. Frederick Barnes, father of our Robert Barnes. Mr. Barnes, Senior, had been connected for years with one of the great railroads of the country as a sort of confidential right-hand man of the president. He was a great mathematician, an expert accountant of the first rank, and—I get all this, of course, by hearsay—the possessor of a remarkable memory. He was a great student of values, and his predictions, based on his analyses of earnings made a great reputation for him. When the president of the road, with which he had been connected for twenty-odd years, died suddenly, Barnes decided to make a change. He had been having eye trouble. He consulted the best oculists in Boston and New York. They told him he would go stone-blind in less than five years.

Mr. Barnes promptly started a stock-brokerage firm, because he did know securities and security values. The firm was Barnes & Allison. Mr. Allison, an old friend, was the board member. Mr. Barnes worked in the office. He was bookkeeper, cashier, customers' man; in fact he was the entire clerical force. After the exchange closed Mr. Allison went back to the office and helped his partner.

When Mr. Barnes gave up all hope of saving his sight he had a talk with his young son, Robert.

He said, "Robert, I am going blind. That means that I shall not be able to make my living in the future by auditing accounts and other work of the kind I have been doing of late years. It involves too great a strain on my sight. The situation leaves me no choice. I have come to the conclusion that since I have left only two or three years of fairly good vision, the best thing for me to do is to go into the stock-brokerage business. I may develop it to such an extent that it may keep on going after I have gone blind, though I rather doubt it; the time I have to do it in is too short, and my capital will not allow me to start on the scale I'd like to. But the fact that perturbs me most of all is the need of limiting my expenses. That will entail hardships on all of us, Robert. Just think about what I have told you, my son, and we shall talk about it later."

Robert thought about it right there and then, and said to his father, "There is only one thing for you to do, and that is to do exactly what you say. As for me, there also is only one thing to do, and that is to go to work at once. We can save what you are spending on me, and everything helps."

It was late spring. Robert was in his last year of high school.

"No, my son. It is better for you to finish with high school. If we find we can't send you to college in the fall, we will consider your going to work. But in any case, there will be no harm in your taking the entrance examinations for Harvard, as we had planned."

So Robert finished his high-school course a few weeks later. He also took the entrance examina-

tions and passed them with ease. Then, with the understanding that if Mr. Barnes' new business should develop enough to justify incurring the expense, Bob would go to Harvard in the fall, he went to work in the office of Barnes & Allison.

That summer Robert Barnes was office boy and first assistant—everything. He, his father and Mr. Allison did all the work there was to do. When September came he told his father that he had made up his mind not to go to college, though his father thought it might be managed, but would stay in the office and work. It was a great help to the firm. Business was quiet. The list of customers was not growing as rapidly as Mr. Barnes had hoped, and you know how it is customers who bring other customers—after they have made money with the firm. But that takes time, because every day does not bring good trading opportunities. So young Barnes stayed in the office, running errands, helping with the books, doing a little of everything.

The firm's success was not sensational, but enough business was done to compel an increase in the office force. A new office boy was hired and Robert was promoted. He was allowed to do more clerical work, while the routine errands were intrusted to the new boy. As time wore on, Robert acquired more knowledge of the brokerage business in his subordinate capacity. His father's infirmity grew worse with time, and just about the time when, according to the oculists, he was due to become stone-blind, Mr. Barnes passed away. It was a great blow to Bob and to the firm, for he was an unusually able and well-informed man. Soon afterwards the surviving partner, Mr. Allison, died.

There was young Robert Barnes, about twenty-two years old, all alone in the world, with no capital to speak of, in charge of what remained of a business that had depended for its very existence on the trade of personal acquaintances of two men who were no longer living. A broker's customers are not bequeathed or inherited; at least they are not apt to stay put. Their patronage depends upon the quality of the service they require and obtain. Young Bob Barnes did not think of holding all the old customers or of making new ones, because, for one thing, the business of the old firm naturally had to be wound up. He had to decide on what he must do for, and with, himself, and it was natural at his age that he should seek counsel of friends who were older and more experienced in business—including the business of living—for Bob was engaged to be married and it behooved him to provide a living for two.

He was surprised when those friends to whom he spoke advised him to a man to go into business for himself. They urged him to buy a seat in the Boston Stock Exchange and to keep on doing the only business he knew anything about. It was the only way in which he could capitalize what he knew. He has told me that once or twice when the business was not growing as he hoped, he wondered whether it would be wise for him to go into some other line, where the returns might be both greater and quicker; but that he never could find sufficient justification for scrapping what it had taken years to acquire simply because of a hope that another business, which he must learn, might possibly prove more profitable after some years. He decided that

so long as time would be needed to succeed in any business, he might better stick to the old.

He considered dispassionately the advice given to him, this youngster of twenty-two, modest, serious, the son of an honest and competent man. It seemed to him good advice. He thought he would make a living at it. He was familiar with hard work. His training had been of the best, his personal wants were modest, he knew every angle of the business; he was honest and had the courage that the consciousness of his own intentions gave him. He decided to be a stockbroker.

He borrowed enough money to buy a seat on the Boston Stock Exchange. They were selling at the same figure as memberships on the New York Stock Exchange, but whereas the price of a seat on the New York board has increased fivefold since then, the Boston seats have gone down in price.

Of course he looked for a partner. A mutual friend brought him and Samuel A. Bronson together. Bronson had been in the real-estate business in Baltimore, but his wife was a Bostonian and was obsessed by a desire to live in her native city, where her parents were. Bronson was a Vermonter, and if he couldn't do business in Vermont he was willing to work anywhere, for Vermonters are like Maine men in that respect. The two men were young but judgmatical. They sized each other up calmly, impartially and accurately and formed a partnership. Either of them will tell you that not once have they had any words over any firm matter. They are like brothers. They soon perceived that whenever both were of the same mind they invariably were successful, so they made it a practice of

undertaking only that of which both approved. The decision must be unanimous. Often one was in favor of some deal that the other was not very keen about, and that was enough. It was dropped. I once asked Mr. Barnes why, if he thought he was right, he did not insist on going on, for I know him to be extremely careful and to have very good judgment as well as—very decidedly—the courage of his convictions.

"Well," he answered, "suppose he was wrong and I was right and that I insisted on having my way. I have always felt that the principal thing to consider in our co-partnership was our personal relations and our mutual affection. Suppose I was right? Well, Sam would have felt badly to think he had opposed me in the beginning, and I have always preferred to forgo the profit on that deal than to have Sam feel uncomfortable or regretful for one minute. You know, a business partnership is like a marriage. You may not be wedded to an angel but to a human being with whom you have to live day in and day out. To live comfortably, there should be as little friction as possible. Unanimity is one of the few things that do not breed quarrels. I never wished Sam to feel badly over anything if I could help it, and he felt the same way about me. And so we have gone all these years together without one quarrel, and without a moment's irritation. Now you know why."

That is the way the two youngsters felt then, and that is the way they feel now. It is a wonderful thing.

Since the firm started, thirty-five years ago, thirteen men have been taken in as partners, each and

every one of whom began his business career in Bronson & Barnes' office as office boy or clerk. Not one of them was taken in because he brought any capital into the firm.

Both Mr. Bronson and Mr. Barnes were hard workers themselves and permitted no soldiering; but that did not prevent them from being fair-minded and considerate. This enabled them to develop at once a profitable business and a highly efficient organization. They knew just how far hard work would go, and what brains and character could do, and how to reward these. After all, it is all part of the business of being successful. To make money isn't enough in business. To make money comfortably, pleasantly, without bitter aftertastes, and by giving value, in goods or service, to make money inevitably, is the highest form of commercial wisdom.

Mr. Barnes was and is far prouder of the success of the men under him than of his own. When he boasts, it is always of how well one or another of his office boys has turned out. Of the thirteen partners taken in since he and Bronson started the firm, nine never worked in any other office. The result was that, never having had other bosses or felt other influences, they have never known that there was any other way of doing business than the Bronson & Barnes way.

Your doctor, your lawyer, and your broker are the men who look after your health, your rights and your investments. Comfort and freedom from worry depend upon your being properly advised by these three men. Both Mr. Bronson and Mr. Barnes, from the start, took the same interest in

their customers that the family physician takes in his patients. If all that your family physician thinks of is the fee, you have the wrong doctor. Get one who bears in mind the oath of Hippocrates as well as the bill he is going to send you.

The firm, I early found out, made a point of their conviction that their business was to make money by having their customers make money. Mr. Barnes, I was told before I was hired by Mr. Bronson, was always harping on a phrase that embodied his philosophy of business getting; you might call it his commission strategy. His instructions consisted of this:

"Direction first. Distance afterward."

Mighty good advice, that, and served to keep our enthusiasm at an efficient degree of warmth while at the same time preventing boiler explosions, for every young man who is worth his keep will try to make a record. There always is incentive enough to do this, heaven knows, but if you will apply Mr. Barnes' advice to any new business, from running a department store to editing a magazine, from manufacturing shoes to making movies, you will admit it is mighty good advice—if you wish to be really proud of that business some day. It makes for the two highly desirable factors of quality-production and permanence.

From the first month the firm did better than break even. Mr. Barnes stresses the fact that Sam Bronson is the most thorough man in the entire United States. No matter how many competent persons, including famous experts and his own partners, passed on a business proposition, Colonel Bronson always sat down and went over every phase

and detail of it until he had drawn his own conclusions from his own study. He is fond of saying that no matter how thorough a man is, if the deal goes wrong it is because the man wasn't thorough enough. He was indefatigable and he studied financial affairs and took care of the books and saw people and went after business and gave service—and got customers and kept them.

Mr. Barnes, who had given up going to college because he preferred to help his father, developed into a first-class floor man. He is a quiet man but keenly observant and sure-footed, with truly remarkable arithmetical gifts. It wasn't long before he became known as one of the best brokers on the exchange. He had the sixth sense that a man needs to be a good broker—that sure instinct of reading faces or eyes or whatever it is that makes some men guess to the dot what the other man is planning to do. It is invaluable to a broker, and I am inclined to think that really good brokers are born and not made. Mr. Barnes did the guessing about the others. They went to a lot of trouble to put up jobs on him, but they never caught him. He had the curious intuition or mind-reading power or whatever you choose to call it that enabled him to know their real intentions. If he had a buying order he started to buy the stock, but they naturally thought that was a maneuver designed to throw them off the track, so they sold him all he wished to buy, thinking that when the real order was executed and he started to sell, they would cut the market from under him and they'd get back their stock at a profit. All they did was to enable him to buy the stock for less than if they had really called his bluff. The other brokers

complained that they could never tell if he were bluffing or not. And as he never told them that he never bluffed, he was very successful as long as he was the firm's floor man.

When Bronson & Barnes began business they had but one employee—Patrick Malloy, chief office boy, head errand runner, general factotum and sole help. At the end of six months Pat was still the dean of the office force and its head, but the force had increased by two, who relieved Pat of some of his errand running and office boy work, so that Pat was able to help Colonel Bronson with the books. He had the same feeling for Bronson & Barnes that young Bob Barnes had for Barnes & Allison, the same devotion and the same wish to help with all his might.

He was not only industrious and ambitious but very bright and quick, and it was not long before another firm offered him a better position. The pay was greater, but more important than the increased salary was the fact that he would not have to work Saturday afternoons. It was a rich firm with an abundance of liberally paid help. At Bronson & Barnes' office he had to stay until late, and Pat was a redhot baseball fan. If he accepted the other firm's offer he would be able to see his beloved nine play when they happened to be home. Nevertheless, the office boy refused the offer. His reason was that he liked his bosses and he was sure they were square. He figured out that as the dean of the office force he was first in line for promotion and he thought two such men as Colonel Bronson and Mr. Barnes were bound to be unusually successful. Ten years later, when the firm had become one of the

best known in Boston, young Pat Malloy was taken in as a partner. To-day he is a millionaire, and a power in Boston in more ways than one.

They worked very hard, the two partners and their chief and only clerk and the two office boys. Colonel Bronson kept the books as well as got business, and Mr. Barnes executed the orders on the exchange and after the market closed helped Colonel Bronson with the books. Mr. Barnes told me once that he often used to feel grave misgivings about his business capacity and that, though he admired his partner immensely, he now and then had his doubts about the firm's success. All about them he saw other brokers who went home every afternoon shortly after the close of the market, particularly in summer, when they would play golf or motor or sail.

"Sam," he said to Colonel Bronson, "I guess we are not very smart and I am getting to believe we might do better in some other line of business more suited to our capacity. Everybody else seems to have plenty of time to loaf, and you and I don't seem to be able to leave the office at four. The fault must be with our brains. Perhaps we were not intended to be stockbrokers."

"Well, Bob," said Colonel Bronson, seeing that his partner was more than half in earnest, "you come and talk to me ten years from now and I'll tell you then how stupid we were to stick to a business that kept us in the office so late every day."

Well, ten years later they were both comfortably off, and ten years after that they were millionaires, and ten years after that the name of the firm was known the country over. Their force of Pat and

two lesser office boys had grown to nearly six hundred in their various offices and branches. In those days they were glad if their business did not fall below two hundred shares a day. To-day Bronson & Barnes must do forty thousand shares a day to break even, so much has the cost of their doing business increased with the growth of their organization. In active markets the firm has done from one hundred and fifty thousand to two hundred thousand shares a day during entire weeks at a time.

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Mr. Barnes told me about the time he wondered whether it might not be better for them to go into a more lucrative business. He said, "A man who goes into a new business, Jack, is bound to have periods of doubt as to his eventual success. The doubt is usually about himself, whether he possesses the right equipment for that particular job. The doubt becomes uncomfortably insistent when the profits are not what they ought to be, particularly when, try as he will, he cannot see exactly where he is not doing the right thing. Even after we were doing a good deal better than breaking even I used to wonder if it wouldn't be better for me to go into some other business, because when I considered how much capital was required in ours and how hard we both worked and the many worries that vexed us, it looked to me as if the financial rewards were inadequate. But I decided it was absurd to think of scrapping my real capital, which was my knowledge of a business that had taken me ten busy years to acquire.

"Sam did not have any doubts. He saw more clearly because he has a clearer vision. But however assured of our eventual success Sam Bronson may have felt, I really think that we were not headed the right way, because so long as I did not feel confident of the confidence of others in us I was not conscious of making progress in the direction

of success, and without the sense of direction and the consciousness of progress the going is bound to prove difficult.

"What Sam could not do—give me that desirable feeling of confidence that he had—an ungracious subordinate of our principal bank did for me. The way it came about was simple—like all real crises in our lives.

"One of our best customers was Mr. William Smith, who was the president of the Northeastern and Atlantic Railroad. He had known my father while he was still a railroad man, and we not only had secured his account but we also acted for the railroad whenever they needed such services as our firm could render.

"Well, we were carrying a big block of Northeastern and Atlantic stock for old Mr. Smith and we were borrowing a half million of money from the bank we did the most business with. Mr. Smith had gone abroad, to Karlsbad, I think; but we had his instructions and we knew what to do. We were to hold on to that stock and buy more if it went below a certain price. You see, Mr. Smith had received an offer from a connecting road—I think they were willing to pay him 125 for his holdings, because that would give them the 51 per cent they needed to be in absolute control. Mr. Smith had refused because he would not sell his stock unless all the other stockholders had a chance to sell out at the same figure that he did. In those days the minority stockholder was of less importance than the corner bootblack so far as the management went, but Smith did not wish his friends to be left in the lurch. The railroad refused to include the minority

holdings in the offer, and negotiations were suspended.

"When the railroad made the offer to Mr. Smith the stock had been selling between 80 and 90 for years. It was conservatively managed and Smith, who was absolute czar of its destinies, always discouraged rampant speculation in the stock. Now, however, in order to make sure that the control by actual majority holdings did not pass from him, he ordered us to buy enough more stock to make his position impregnable. Our purchases had put the price of the stock up to 110, I think, but still much below what Mr. Smith was offered for it.

"One day, when the market had developed some weakness, but nothing at all serious, we received a notice asking us to take up our loan. Sam naturally went over to the bank to explain that we did not wish that loan disturbed. Our margin was ample and there was no reason why we should be forced to seek accommodations elsewhere.

"The president of the bank was Mr. Wilson Howes, who was famous in Boston for his peppery temper. In business circles all over New England you always heard anecdotes about his irascibility, and personal interviews with him were avoided by borrowers. For that reason neither Sam nor I had ever talked business with him personally. We, or rather Sam, always dealt with a man named Millard, a subordinate officer of the bank. You know the type, the kind that, clothed with a little brief authority, so behaves as to make every one within hearing marvel at the man's continued existence.

"Well, this man Millard told Sam he wanted the loan paid off. Sam asked him why, and was in-

formed that in Mr. Millard's opinion the stock was selling at an artificially established price that was much too high for safety, and that he had heard that we had put it up there in furtherance of a highly speculative operation by a clique in our office. Where he got his information the Lord knows, but he was cocksure about it.

"Sam denied the accusations and asserted that the price was not too high and that, moreover, the bank was amply protected, as we were margined down to a level which the stock was not likely to reach. We had as a matter of fact given the bank more collateral than was customary because we did not wish the loan disturbed. Of course Sam couldn't tell Millard that Mr. Smith had an offer for his holdings from one of the richest railroads in the country, over 15 points above the prevailing quotations.

"Sam is a pretty persuasive chap and he convinced Millard that somebody who wanted to pick up some cheap stock had tried to make Mr. Millard an unconscious accomplice by means of deliberate lies about ourselves and our customers, and Millard in the end agreed not only not to call the loan then but not to call it at all, unless something unusual happened, in which event he would give us ample time in which to seek accommodation with some other bank. So Sam went back to the office feeling more comfortable.

"The next afternoon just about a half hour before the clearing time we got a peremptory notice from Millard to take up that loan at once. If we didn't he'd sell us out.

"That was a bombshell. We were not one of the old established firms and our capital was not exactly colossal. In those days it wasn't so easy in Boston to borrow half a million at one fell swoop from a bank. Usually we would have to borrow it in lots of fifty or one hundred thousand dollars from several banks.

"I was quite perturbed when I heard the news, because I couldn't see how or where we could raise the money in the half hour we had to do it in. I couldn't help Sam because I had to stay on the floor. Somebody appeared to have an inkling of impending trouble, for the stock began to be offered for sale more freely than in some weeks and I couldn't go away, but stayed on and bought on a scale in accordance with Mr. Smith's instructions. But I tell you my doubts as to the wisdom of our continuing in the brokerage business returned, reënforced by the fresh vexations.

"But Sam was angry clear through. I don't think I ever saw him really angry excepting on that one occasion. After Millard's promise, to do such a thing at the last minute was too raw for him to swallow meekly. So he went out and did the tallest hustling he ever did in his life and borrowed the money we needed in driblets from other banks. Just before we sent over to Millard's bank to take up our loan we received a tip—I don't remember now from whom or how it came to us—to ignore Millard and see Wilson Howes, the crusty old president himself. But Sam said Wilson Howes and Millard and the bank could all go to the devil before he'd do business with people that were guilty of such a

thing as Millard had done. So we paid off the loan, aided by the willingness of a half dozen other banks to help us.

"I firmly believe, Jack, that one thing did more to make us a successful brokerage firm than anything else I can think of. For one thing, it gave us confidence in our ability to handle a problem that at first thought seemed utterly beyond our power to solve. Then, the banks knew all about it and so did other brokerage houses, and after that everybody was willing to trust us to make good on our obligations at any and all times. We established our credit firmly. We had, after that, what we had never been sure that we had.

"It's always that way, Jack. The obstacle looms so big that it is apt to frighten or discourage you. But you shouldn't let it. By the way, a few days later Sam ran across old Wilson Howes, the irascible president of the institution of which Millard was a detested employee.

" 'What's that I heard about that loan of yours?' he asked Sam, looking as though Sam had just picked his pocket.

"Sam was still smarting under the rank unfairness of it, and he talked to old Wilson Howes like a Dutch uncle. He had made up his mind he would never do business again with that bank. But instead of getting angrier, old Howes maintained his grouch at the normal point.

" 'Serves you damn right, Bronson,' he said. 'Why didn't you come to me? You should have known I wouldn't countenance such doings. Certainly not; bad business! But I can't abide such imbecility as yours, not to take the matter up with

me. Bad business! Hope you've learned your lesson, Bronson. If you haven't, get out of business, and stay out. Understand? Understand?' He walked away, shaking his head irritably before Sam could tell him there wasn't going to be any next time. It is just as well he didn't because not long after that Sam went to see him about a time loan, and old Howes was as nice as pie to him. In due time we became rather large stockholders of that bank and Sam is now one of the directors.

"And the lesson we learned from Millard—we were young enough to make plenty of mistakes and old enough not to be ashamed to make them—was that it is unwise to do business with a subordinate who has the swelled head. The thing to do in that case is to go to the highest in authority. You may not be aware of it, but one of the things I have always looked for carefully has been signs of an expanding cranium among our own boys. I like to see them ambitious and efficient, but they must stop this side of the imperial purple. With the best intentions in the world a youngster with the swelled head can do a lot of damage."

A wise and good man, my senior partner. He was much more than a broker on the floor and he looked ahead much further than you would imagine to hear him talk of his early struggle. He has a remarkable aptitude for figures. When we discuss a proposition involving the financing of a big block of stock or a bond issue, he studies the accountant's reports, for he says he can get a much more accurate picture of a corporation from figures than from bricks and mortar or the acreage of factory buildings or the description of the machinery.

With an energetic business getter like Bronson in the office, an unusually competent broker like Barnes on the floor, and careful attention to all details of the business by everybody in the office, it was natural that the firm's business should grow steadily. The partners studied stocks and bonds and deals and general conditions, and gave not only good service but good advice. As they became known as brokers with a good clientele more and more financing propositions were brought in, and when they approved they recommended investment in them.

Mr. Bronson once told me that at the very outset they were threatened with a danger of which they were not aware.

"You see," he told me while in one of his reminiscential moods, "we were unlucky enough to be particularly successful in our first two ventures in financing companies. It was not so much that our initial successes made us careless, but it would have been better for us if the success had not been achieved so easily. Our third deal was the purchase of a block of bonds of a lumber company down South. The bonds certainly looked good. They had ample security behind them in the way of thousands of acres of fine timberlands, and the company's profits for a number of years back made interest payments seem as safe as anything could be. We had a timber expert go over the property, estimate the amount of timber and its value, and our accountants went over the books from the beginning to date, and we had our own lawyers in Boston pass on the legality of the issue, while a reputable local firm passed on the titles. Everything was satisfactory and we bought the bonds and sold them to our customers.

After we had placed them we discovered that the Southern lawyer had been careless in the matter of titles. Fortunately only fifty thousand dollars was involved. We recalled the bonds and pocketed the loss ourselves. It was a big loss for us in those days and was harder to bear than a million would be today. But it was our fault in a way, even if in another way it wasn't. It taught us to check up for ourselves each and every step of every examination. We took more pains to make sure. I developed my habit of going over every detail of every proposition that was submitted to us.

"Our next big blunder came when we went into a mining deal that promised millions. We had never before gone into mines, but Boston always was a good market for mining stocks—much better than New York. The Boston public was better educated in that respect. It knew what big profits were made by the original investors in Calumet & Hecla and other copper properties which Boston capital developed. And also, it whined less about losses. Well, our experts' reports were excellent and everything looked most promising, and we went into it and got our customers to go in with us. You know what happened. I imagine everybody in New England at one time or another has said of Bronson & Barnes, 'Oh, yes! Didn't they bring out the Monolith Silver Mine?' We found ourselves and our customers in this thing to the tune of some hundreds of thousands of dollars. Well, it looked as if careful nursing in the shape of extra good management might keep Monolith from being a total loss, so we assumed complete business control. We sent Bainbridge, one of our partners, out to the mines and he

supervised everything. It meant a devil of a lot of bother, but we felt we owed it to ourselves and to those of our customers who stuck with us, knowing that we were the heaviest losers of all, in actual cash, without counting the loss in prestige. Well, to-day the Monolith Company is paying dividends, and those of our customers who held on have made a little money. But it took years, and the eventual success did not greatly mitigate the hurt of early failure or the selling out at a loss by those who got out quick. That was Lesson Number Two, and it taught us not to go into things of which we knew nothing. It was out of our line and we had no business to advise our customers to go into it.

"A third dismal failure was the Wire Weaving Machinery Company. We were approached by some friends to buy a large block of the treasury stock of a newly organized company, the proceeds of which were to be used in erecting a model plant. The machine itself was ingenious and there was no doubt in anybody's mind that the product could be easily sold at a substantial profit. The saving in labor costs was nothing short of incredible, and one-fifth of the savings would mean 20 per cent dividends on the stock. Altogether it looked as if it would prove to be a second Mergenthaler Linotype.

"Well, we checked up everything and we bought the stock and promptly marketed it. And after the plant was built and began to turn out goods we found that the sales were neither as easy nor as large as we had so confidently expected. It seems that before our goods could be used the consumers had to make certain changes in the frames, and that entailed expenses they did not feel like incurring,

though we proved to them that they would cut their production cost about 10 per cent. This would pay for the new fixtures in one year. But the inevitable happened. Instead of carrying on a selling campaign that should have meant big dividends within a year or two, we had to conduct a campaign of education, on which we hadn't figured. That meant disappointment, and that led to selling of the stock and a slump in the price of it and another black eye to the prestige of Bronson & Barnes, whose business was to make money for customers who followed their advice as to investments.

"The stock was sold to the public at 95, and after it was seen the dividends were a long way off the price dropped to around 20. But we stuck. To-day the stock is selling around par and paying 6 per cent, but it was a bad mistake, for all that, and cost us dearly. And from Lesson Number Three we learned that we must never associate ourselves with a green and untried enterprise. We must have a background of figures, a financial history expressed in terms of statistics of production and sales and profits for a number of years. Bob Barnes is right when he insists upon seeing the figures of what has been done rather than estimates of what is to be done. When we sell a stock to a customer we are doing more than sell a scrap of paper. We sell our judgment, our experience, and we can't be too careful, for if the customer loses faith in our judgment we can't sell him anything. We represent that piece of paper to be a first-class article when we ask him to exchange his money for it. We can't be too careful about the quality of our service. We could not stay in business long if we made mistake after

mistake, for as a matter of fact one miss offsets at least six bull's-eyes."

That story shows how serious mistakes can be made by the most careful business man. A doctor makes mistakes, but he buries them. A merchant makes them, but he divides the burden among thousands of customers, not all of whom are regular clients. A lawyer loses a case, but the blame can be distributed among the judges, the jury and luck. But the broker can't pass the buck because it is futile. His customers won't have it because it does not help the loss to learn the exact place and time when the broker's judgment went wrong.

At the time of the Northern Pacific panic I was margin clerk in Reade's office. You remember it came at the tag end of a stock boom. The loans were enormous and the public was in the market up to the neck. Altogether prices were due for one of those old-fashioned smashes that wipe out so many customers that the slaughter is remembered for years. On April 30, 1901, the total transactions were 3,281,200 shares. That still stands as the record for a single day's sales on the New York Stock Exchange. It should have warned everybody that the pulic was not loaded up but overloaded. All that was needed to bring on a panic was some untoward incident calculated to frighten the more timid holders. Once the selling began it would be like an Alpine avalanche.

The push that was needed came in the shape of a contest for the control of the Northern Pacific between J. P. Morgan and J. J. Hill on the one side and E. H. Harriman and Kuhn, Loeb & Co., on the other. On the evening of May eighth, everybody

knew that Northern Pacific common was cornered and that when the market opened the next morning there would be the dickens to pay. The commission houses prepared as well as they could, but that wasn't much, as it takes the tape to sound the real alarm.

It happened as expected. On the morning of May ninth, everybody in the United States wanted to sell and apparently nobody wanted to buy stocks. Mr. Barnes was on the floor with his pockets full of selling orders in all kinds of stocks from all kinds of people. There were so many that he couldn't execute them and he couldn't get any other brokers to help him because they were in the same plight. The two-dollar brokers were frantically trying to keep themselves from being pulled to pieces by the vehemence of the demand for their services.

Nobody in Bronson & Barnes' office had any interest in Northern Pacific, but when Mr. Barnes heard somebody in the Northern Pacific shout "Seven hundred!" he knew it was time to do something for his firm and for his customers. He instantly tore up every unexecuted selling order in his possession. Then he rushed to the telephone and informed his office that he refused absolutely to accept any more orders to sell stocks in that market. Then he hung up and looked on. He argued that no man would pay such a price for Northern Pacific, even if it carried control with it. The corner must end and prices of other stocks must rally when the frenzied brokers who had paid one thousand dollars a share for the stock some customer was short of recovered their senses.

Of course the panic was not over when Barnes

decided not to execute any more selling orders at the market. The public was carrying too many stocks and the break was much too severe for the market to calm down by magic. Orders to sell poured in and some of the best stocks slumped badly. Delaware & Hudson dropped from 165 to 105, Union Pacific from 113 to 76, Atchison from 78 to 43, Southern Pacific from 49 to 29, United States Steel from 47 to 24. Call money touched 76 per cent. With such stocks selling at such figures it looked as if there would not be one solvent brokerage house in the Street. But the contestants for control arrived at an armistice and it was announced that the Northern Pacific shorts would be allowed to settle instead of being squeezed to death. The announcement of the terms was the signal for the inevitable rally. On the resumption of the upward swing the selling orders that had not been executed could be, and were, filled calmly, without appalling losses to the sellers. Northern Pacific closed at 190, after its mad advance of 830 points from the opening sale at 170.

Mr. Barnes was a weary man when he returned to the office after the close of the market that afternoon. He found that Mr. Bronson had tried to make their customers realize that the time to sell was not during a panic. Of course the slump carried prices way below the margins of most of the customers, but that was a risk Bronson & Barnes cheerfully ran. How Mr. Bronson kept his fear-maddened clients from mobbing him was a mystery.

When Mr. Barnes arrived at the office after the close, Mr. Bronson observed ironically, "Pretty busy all day, weren't you, Bob?" and he smiled on

the man who had refused to accept selling orders.

"For a while," answered Barnes.

"What were you doing the rest of the time?" asked Bronson.

"I was wondering," answered Barnes grimly, "what you would say if a settlement wasn't reached by the bankers. We would have gone under. Then what?"

"Well," answered Bronson slowly, "I also thought about it for a little while; but I decided that on the morning of the day after our failure was announced I'd come down town as usual and—"

He paused. His partner prompted him curiously.

"And what?"

"And start another firm and begin all over again. What else was there for us to do?"

That is the kind of men who made up the firm of Bronson & Barnes.

10

One morning nearly twenty years ago, just as I was about to leave the office on one of my regular bond-selling excursions, Colonel Bronson sent word that he wished to see me. I couldn't imagine what he wished to see me about, though I rather suspected the firm had acquired another issue of bonds that he wished me to work on, in addition to the Commonwealth Pipe fives.

I went into his private office, where he sat at his desk. I said, "Good morning, Colonel."

He nodded pleasantly, and kept on reading a letter. He finished it before he turned to me and said, "Good morning." Then in a casual sort of way he added, "Jack, we have decided that you may go to New York."

"That's fine, sir." I was as pleased as Punch.

"When would you like to go?" he asked.

"To-morrow morning," I said.

I had been waiting for this opportunity and I was anxious to begin. And now that I had the chance, my one thought was that the sooner I left Boston the less danger there was of a fatal change of mind on the part of the colonel or Mr. Barnes.

"I'll send Williamson word," said Colonel Bronson.

"Tell him I'll be there day after to-morrow at 8.30 A.M.," I said. "Thank you, Colonel. Anything else, sir?"

"No, Jack," he said.

I thought he was on the verge of saying something more, but he didn't and I didn't. So I left his office and went out and sold a few bonds. Then I came back and said good-by to the boys in the back office. I couldn't say good-by to the colonel or Mr. Barnes, because both of them had gone for the day.

The next day I took a train for New York. I arrived after dark, and went straight to a hotel so I could have a good rest and be up early the next day. I haven't the slightest recollection of feeling like Dick Whittington or Benjamin Franklin or any of those heroes who philosophize on the lot of a young stranger in a strange city. I felt that I had successfully negotiated the important first step. It had taken me from Boston, where I was doing work that didn't thrill me, to an office in New York, where I should enjoy working year after year.

From the window of my hotel room I could look out and take in the vast incandescence that serves the metropolis as its sky at night, and I could hear the unbroken hoarse murmur—a blending of ten thousand noises—that is the audible life of the noisiest city in the world. This was great New York, the marvelous; little old New York, the fascinating—the battlefield that I had picked out to be successful in, that day when a glimpse of young J. P. Morgan led me to think of the location of the nerve center of high finance.

In common with millions I had unresistingly accepted New York as the magnet that drew to itself human particles from all over the country. The money-maker and the money-spender, the buyer and

the seller, alike found no other place like it, and therefore it was natural that the go-getter, the dreamer, the merchant, the artist, the broker, the architect, the lawyer, the crook—all classes and all trades—found here the best market for what they had to sell, which was themselves. And when they arrived they found that the greatest of American cities also was the largest Italian and the largest Irish and the largest Jewish city in the world. Here the nonproducer was not wanted and the nonspender was nonexistent. It had the worst manners in the world. It was the least American of American cities, and the most comfortable, the busiest and the most generous, the most impressive and the least concerned with good government.

But these things I accepted because I had always accepted them. They meant to me no more than statistics of area or street-railway mileage. What interested me was the fact that New York was where Wall Street was, and Wall Street was where the Stock Exchange was, and the Stock Exchange was where the business of the as yet uncaptured customers of John Wing would be transacted. I was at last where men who worked hard got what they worked for. More than this I did not ask for; less I would not take. To work, always cheerfully and always a little harder than the next fellow, I thought, was all that was needed. I afterward found out that New York paid the cheerful hard worker not only gladly but liberally.

I woke up early the next morning—my first in New York. After breakfast I read all the newspapers. I went over all the local news. It concerned me since it concerned the city where from

now on my home would be. I must know what was going on. I would need that knowledge in my business. When I went downtown I took an Elevated train. This was most decidedly not Boston, where I knew people and was known. It was a new workshop, where both tools and faces were unfamiliar. The very feel of the air was different. The characteristic city odors were new to me. A strange place and another life; but, also work; years and years of it!

The New York office of the firm was in an old-fashioned building on Wall Street, a few doors from Broadway. There was nothing sumptuous about the entrance, and the almost mid-Victorian directory on the wall informed me that Bronson & Barnes' offices were on the second floor. I took the elevator, got off at the second floor and started briskly for the office.

It wasn't there!

I went back and asked the elevator man where the Bronson & Barnes office was.

"Room 18," he answered. "Turn to the right. End of the hall."

I followed his directions. Sure enough, at the end of the dark hall I saw an insignificant door on which I read:

BRONSON & BARNES

It looked familiar, but it rather flabbergasted me. It was like finding the lord of the manor in overalls turning the grindstone for the hired man. But in the wake of this impression came a thrill that is difficult to describe: I realized that somebody was needed to change the unprosperous aspect of these

shabby surroundings, to make the branch worthy of the main office. Somebody simply had to do it, and the sooner it was done the better for everybody. There was no mystery about the identity of that somebody. I had known him all my life.

That was not conceit. Bronson & Barnes had sent me to New York to get business for this same insignificant office at the end of the dark hall. That was my job. Being young, it did not occur to me that I might not make good. Wasn't I willing to work?

I opened the door and walked in. The New York office of my firm that year consisted of just one room. It was bisected by a sort of grille, and from it at right angles ran partitions of the same kind of ironwork, forming a series of inclosures or cages. One did for the cashier and stock clerk. Another served the lone bookkeeper. The third penned in an Admirable Crichton who was in charge of a telephone switchboard, a Morse telegraph outfit, a stock ticker and a small flat desk.

There were two clerks at work—strangers, of course—and Mr. Williamson. I knew the home office had notified him that I was coming and he doubtless expected me, but my new chief merely glanced up at me, nodded toward a chair in a corner, said "Sit down!" and went on opening and reading his morning mail. This occupied him fully a quarter of an hour, for his New England conscience compelled him not only to read but to understand each and every line. During that time an office boy and another clerk came in.

Finally Mr. Williamson got up, came over to me, shook hands, said he was glad to see me and began

to tell me what my duties would be—rather hurriedly, because he was due on the floor of the Stock Exchange in a few minutes. Then, with an effect of using a foot rule, he kindly but accurately showed me the exact spot in that one-room office where my desk would be. It was in the very center of an arched recess in the east wall, scarcely deep enough to be called an alcove. I couldn't see how a man's-size desk could possibly fit in there. There were no windows on the sides or in front. But that was where Mr. Williamson declared my desk would be, and I accepted his decision without a pang because I didn't expect to do much desk work. Besides, there was no other place in the office where a desk could be put.

Mr. Williamson was not very cordial. It wasn't so much as though he were sorry I had come as though he were pressed for time. A man who has only twenty seconds in which to do twenty things is not volubly grateful for an unexpected twenty-first task. Afterward, when I came to know him and love him, I learned that this came from his extreme conscientiousness, which made him undertake to do in person a great deal more than he need have tried to do. And I did not know then that only a fortnight before in Boston, Colonel Bronson asked him whether he could use me in New York and Mr. Williamson promptly said yes; that he needed somebody like me. And he was nice enough to tell Colonel Bronson that he had had his eye on me from the day he first met me.

After Mr. Williamson told me the site of the desk he introduced me to the other clerks and told them that I had been sent from Boston to get local busi-

ness. I was not to do any clerical work. Then he left me and went over to the Stock Exchange to execute the orders that had come in from Boston. There were none from local customers. He always left the office at ten minutes to ten. That gave him exactly nine minutes on the floor before the market opened.

After Mr. Williamson left I talked to the clerks. The telephone man also was telegraph operator and order clerk. His name was George Wilson. He was quite remarkable in many ways. A few years after my arrival in New York he left us to go into business for himself with Bill Goodwin, another clerk. The firm of Wilson & Goodwin are members of the New York Stock Exchange and do a nice business to-day. George Wilson always got to the office at eight in the morning and ran his wire until 6.00 P.M. Not once did I hear him complain about the work, or whine or curse about the annoyance of having to answer no end of fool questions from excited customers in Boston. He used to make all the reports and prepare all the trades, in addition to explaining why the execution of this or that order appeared to leave something to be desired—for he was a superlative artist in explanations and utterly impervious to kicks and complaints.

I'll tell you something that is utterly incredible but nevertheless is gospel truth. I have seen that chap answer a telephone call, with a receiver held to his left ear while with his right ear he listened to the Morse instrument clicking an order to buy or sell stock. He took the telephone and telegraph messages synchronously. He never made mistakes in the figures which came to him that way, from

two sources at once. That, I consider, is more of a feat than dictating to five secretaries, as Cæsar did.

When our business grew we put George in charge of our wire room, and when he left to go into business for himself he had under him twenty-five operators with wires running to all sections of the United States. He was a glutton for work. He could do any amount of it without perceptible friction. He not only did all that came his way but often went out to find a little more to do. He did more than any ten men I could find to-day would do. A remarkably fine chap, who knew his job and saved his money. Goodwin, his partner, was officially the margin clerk long before he had many margins to look after. He was very competent and was with us till he formed a partnership with George.

There was also a very nice young chap in the office doing clerical work, to whom I took a great fancy. He had one hobby and one topic of conversation and that was his conviction that there was a big future in the bond business. He wanted to specialize on that. Nothing else interested him. He spent all his spare time studying bonds and bond selling. A few months after my arrival he left us because we didn't do enough business in bonds to suit him. I was very sorry at the time that he left us, but to-day I feel even sorrier. It was a pleasure to me to be with him and to listen to him, for his ambition was to do in the bond business what I dreamed of doing in stocks. To-day that enthusiastic fellow clerk is the head of one of the greatest bond houses in the country. Brains, love of the business and very hard work cleared the

track to success for him; and I mean real success—that is, useful achievement and not merely winning a fortune. There was nothing accidental about the triumphs of these chaps.

After I was introduced to the office force there wasn't anything for me to do there. The system was the same we used in Boston and probably the same used in most brokerage offices everywhere. There wasn't anything for me to learn from sitting in that office waiting for the furniture man to bring my desk, so I went out to take in the Stock Exchange and look about a bit.

The office was in Wall Street a few doors from Broadway. Almost across the street was the side entrance to the Stock Exchange, so unimposing that I walked past it to Broad Street and there took a good look at the façade. As I stood there, doubtless thinking precious thoughts that I have since forgotten, Bill Winans came along, saw me, stopped, and took a better look at me. That made me look at him.

"Hello, Bill!" I said.

"Hello, Jack!" We shook hands. He had been at Harvard in my day, a class ahead of me. He was the greatest tennis player of his day, and I liked him immensely.

"What are you doing here?" he asked me. "I thought you were in Boston."

"I was," I said. And then I told him all about it. After I finished he told me about himself. In addition to being a great tennis player and a regular fellow, he had been wise enough to pick for an older brother a very clever chap so that by the time Bill left college his brother Frank had established a good

business. Bill simply went down to Wall Street, worked under his brother a year or two, bought a seat on the exchange and was taken in as partner in the firm of Winans Brothers. He liked the business, and the qualities that made us admire him at college made him popular on the floor of the New York Stock Exchange.

"Do you know, Bill, I've never seen the inside of the Stock Exchange," I said.

"Well, you'd better add one more pleasing experience to your large collection," he said, and he took me with him to the Visitors' Gallery.

It was a wonderful sight. The market wasn't particularly active—just enough to make the scene animated. It was an impressive room architecturally, I thought, but chiefly I saw in it an indispensable part of my business. The men who were down there below talking or rushing from the telephones to the posts or gesticulating and shouting or tearing bits of paper into smaller bits were all part and parcel of the game at which I proposed to spend my working life. They were buying and selling stocks and bonds for men who were in other offices, in other cities, in other states, as well as in Wall Street. The wires went everywhere and the orders came from everybody. Gamblers and investors, plungers and pikers, professionals and lambs, all kinds of men—and women, too—bought and sold securities through those men below. This big room was the meeting place of buyers and sellers, the table at which the documents were signed that made the signers exchange some pieces of paper for other pieces of paper. And some of the pieces entitled the owner thereof to share in the profits of

railroads and copper mines and street railways and steel plants and sugar refineries, while the other pieces of paper could be exchanged at the bank for pieces of gold.

Those men were dealing in fractional ownerships of all kinds of properties.

And prices moved up or down in obedience to impulses that were not always visible to the naked eye or, if seen, were not always correctly interpreted. The pulse of the business world throbbed down there, below me—beats that, in a thousand offices were plainly seen: The ticker was the sphygmograph.

"What do you think of it?" asked Bill Winans.

"Great!" I said, because I wished him to feel that I appreciated his kindness.

"Say, Jack, why don't you get your firm to buy you a seat? Joe Williamson isn't as young as he was, and anyhow you need two men on the floor."

"Not for mine!" I said.

"What?" He did not believe his ears.

"Do you know what I thought of while I was trying to spot Mr. Williamson down there?" I asked him.

"No, I don't."

"I'll tell you, Bill. Every commission-house man down there on that floor is merely a tool or instrument. He may be a very fine tool, but he does not originate business. He doesn't develop any. That isn't his function. He just goes to the telephone and gets orders from the office or receives them on little slips of paper. He goes where he is told and does what he is ordered to do. He has no initiative. He reports on appearances and not on facts. He

sizes up the market and helps to give good service to the customer, after somebody else has got him. The customer is not of his getting. The floor man cannot build up a big business."

"Oh, yes, he can," asserted Bill.

"I don't mean that there are not some fellows who are wonderfully good brokers as well as extremely keen business strategists and excellent mixers, all of which may make them extremely valuable to their firms. But you floor men are primarily brokers; and what is a good broker? A man who gives you good execution, who doesn't pay too much when he buys or get too little when he sells. Brokers can butcher orders, and that will kill any brokerage business; but primarily and essentially the floor man is a subordinate. He doesn't have to be the master mind of the firm. He is more apt to be a corps commander than commander in chief."

"Oh, many of the men on the floor are heads of their firms. They are the brains of their business."

"I'll bet they are the older men, the old-timers," I said.

Bill thought a moment and admitted, "Yes, they are."

"They don't have to be on the floor. Their experience would be better utilized if they stayed in the office. It is easier to get twenty good brokers than one good business getter or business executive."

"And you want to be the good go-getter?" asked Bill, very politely.

"Well," I confessed, "I had rather give orders for others to execute than execute orders given by another."

"You don't know what you are talking about,"

said Bill fraternally, and we started for the street.

"I know what I want to work at," I retorted.

That is as far as the discussion went, because at the very entrance of the exchange we ran across Gilbert Graham, a classmate of mine. We shook hands all round. Gilbert and I had been pretty close friends at college and I am sure he was as glad to see me as I was to see him. He invited Bill and me to have luncheon, but Bill couldn't go. I accepted. Bill left us after promising to meet us at the Harvard Club that evening.

Gilbert had a fine position with the Vantwiller Trust Company, of which his uncle was president. I told him I needed to open a checking account with some bank and that I would honor his trust company with my business. So he took me with him and had it all fixed in a jiffy. I deposited a thousand dollars that I had saved up for this emergency. My salary at Bronson & Barnes' had been one hundred dollars a month in Boston, but it was raised to one hundred and fifty dollars when I came to New York.

We went to the Counsellors Club to luncheon. While we were waiting at the table Caleb Pruyn came by. He stopped to shake hands. He also was a classmate. He was vice president of the club, of which his famous father had been the founder and first president. He sat down at our table and we had a fine time together. Harvard again, as you see.

He told me I'd better join the club. I asked him how much it would cost me and he told me. It was a pretty steep admission fee, and the annual dues were rather hefty for a clerk on one hundred and fifty dollars a month to pay, but I decided it would

be good business for me to belong to that club. It was only a luncheon club, but the membership represented achievement, prosperity, a successful career. I wasn't guilty of snobbishness. It is plain sense, when you can pick your company, to exercise discrimination.

I asked the boys how long it would take before I could get in, for I had heard that the waiting list was so long that members entered their sons at birth to give them a chance to be elected by the time they were thirty.

But Pruyn told me, carelessly, "I'll have you elected to-morrow." And he did. I left the club with Gilbert feeling that New York was not such a bad place.

I went back to the office and asked questions and killed time until Mr. Williamson came in from the board room. That was about 3.30 P.M. We had a long and friendly chat. In all the years that I worked under Mr. Williamson we never had a moment's unpleasantness. He was a very fine type of the conscientious New Englander and therefore he himself was the chief victim of his own virtues. He did much drudgery that he should have passed on to younger and less expensive shoulders.

He arrived at the office every morning before 8.30 and did a lot of work he should have left to the clerks. He went over to the Stock Exchange at 9.50 and stayed there until after three. He executed orders and ran quotations almost continuously during that time. The stock certificates either had to be sent to the exchange for him to sign, or when the market wasn't very active, he would run across the street to the office and sign them there. They

had to be signed by a member of the firm and he was the only partner in New York.

He was as careful and painstaking in executing a ten-share order as he was with one for a thousand shares, for he was old-fashioned enough never to talk of his duty and always to do it to the hilt. A customer was a customer. The size of the account made no more difference to Mr. Williamson than the color of the hair or the shape of the customer's shoes. The obligation was for the broker to do his best in all cases.

He usually had his luncheon at 3.05. At 3.30 he arrived at the office. There he went over every transaction that had been made during the day. He was officially supposed to take the 6.05 train for Montclair, in consequence of which he usually began at about five to make all preparations to miss it. He did this by finding fresh work to do before leaving for the day. In all the years we were together he never once made the 6.05, and yet he lived in great amity with his wife and, I am told, kept one cook nearly nine years, when she up and married on him. For a decade he left his home early in the morning and returned after dark—and all so that Bronson & Barnes might give good service to a lot of people in New England who did not appreciate the trouble Mr. Williamson took to insure it. A fine man, under whom it was a privilege to work.

When I left the office at the end of my first day in New York I had made up my mind to one thing and that was that I couldn't get any business by sticking to the office and talking to people who happened to wander in. I had to go after people and

make customers of them—if I could. That meant that I must find people to go after.

That thought was in my mind when I met Bill Winans at the Harvard Club that evening for dinner. I met a lot of other chaps I knew, and as I was immediately eligible to membership I arranged to join. Before I left the club that night I spent over an hour with the club book, copying the name of every man I knew. I had seven classes to pick from that I had known while at college, and a lot of older men I had met.

As I told you before, I found that my being a Harvard graduate helped me a great deal. When I left the club that night I carried with me a list of 317 names and addresses. That made all the difference in the world. The atmosphere changed so that New York that evening was very different from the New York of that morning. I was no longer a stranger, alone and unwelcomed. I was Jack Wing to at least two hundred good fellows who lived in the same friendly city with me, fellows who knew me as well as anybody in Boston did. There is no need here to dwell on the charm of college friendships, but I must say that being a Harvard man helped me a great deal more in New York than it had in Boston. You see, in Boston almost everybody you meet is a Harvard man. In New York that wasn't so. They were fewer but more enthusiastic. The groups and cliques of undergraduate days that prevented the perfect fusing of a class did not exist among the alumni, who, when brought together, subordinated their year to their college. They were all Harvard men, and I found myself

calling a fellow Tim that at Cambridge I'd always called Allen. With the habitual use of first names and the possession of common memories, you feel more kindly disposed toward your college mates.

I don't mean to recommend my college to young men who wish to become stockbrokers. I would simply record my indebtedness to Harvard in my own career. Being a Harvard man helped me to establish certain valuable contacts. Through a classmate I obtained my first job. Through another I did fairly well as a bond salesman. My first day in New York was successful because of my classmates there. For a business getter it was better to belong to the Counsellors and the Harvard clubs than not to belong. It doesn't mean that I used these clubs to solicit business in, because I didn't. But I was better equipped to deal with a certain class of men in their offices.

The next day I rose early. I could not sleep after six, and after breakfasting and reading the paper I went downtown. I arrived at the office before any of the others, even before Wilson, who usually arrived at eight o'clock. Later on I found a boarding house on Madison Avenue, not far from the Grand Central Station. I had a front room, and the clatter of the milk wagons and the rattle of early trucks awoke me at daybreak. As sleep was hopeless under such conditions I went to the office before eight. While waiting for the clerks to come I got the habit of studying the Commercial and Financial Chronicle. I didn't skip anything, not even the advertisements. I still have the habit of keeping posted about my business.

I started out to get busniess on the morning of

my second day in New York. I took my list of names downtown with me. After Mr. Williamson left for the board room I went to call on the first man, Gerald Abbott. He wasn't in. Then I proceeded methodically and systematically to call on every man in New York whom I knew personally. Every day I went out with my little list in hand and one thought in mind. I renewed my acquaintance with men I had known pretty well in Cambridge. I didn't skip a single man of the 317 I had copied out of the Harvard Club book. I called on them at their places of business. Some of them were uptown, but most, of course, worked downtown. Several of them were in the Wall Street district, in the same business that I was in, either as partners or as employees. Some were in banks and trust companies.

Of course, at college I had known some more intimately than others, but now they were all in one class. Each was a potential customer and it did not occur to me to play favorites. I was doing a heap of thinking and planning, putting into practice theories I had evolved in the years when I thought that some day I would go to New York to develop a big stock business.

To start as I did helped me a great deal more than I realized at the time. In the first place, although I did not actually get much business at first, going after it made me a better business getter because for one thing it took away the feeling of loneliness and isolation that so handicaps a man who labors where he is an utter stranger. It made me cheerful and optimistic when every one of these 317 men told me he was glad to see me and looked it. I believed it

because I was equally glad to see them. I told them all why I was in New York and what I hoped to do. Some of them promised to give me business the moment they had any to give. Others assured me that they would keep me in mind. Many of them gave me letters of introduction to friends of theirs who traded in stocks. Harvard certainly helped me. You see, I did not need to be vouched for by any one in the matter of integrity, industry or intentions. Those fellows had known all about me; they had the best kind of line on me, on my way of doings things, on my mental characteristics. They had known me as I was, when there was no thought on my part of self-seeking of any kind. I did not have to sell myself to them.

When I offered them my services in my capacity as business getter for Bronson & Barnes, I simply told them what I had come to New York for, just as I would have told them of a hunting trip or any other personal experience. I knew that there were no end of brokers who would execute orders on the New York Stock Exchange for one-eighth of one per cent commission. I was equally aware of the fact that one competent, reputable broker had no more to offer a client than any other equally competent and reputable broker could offer.

Such being the case, I did not ask myself what I had to sell that the other fellow hadn't. I asked instead what it was that I had to sell at all, whether others also had it or not. Well, all I could see I had to sell was service. Was my service better than the service given by others? Yes, it was—at least, in my opinion—because I went out after buyers of that service in the spirit I did. I was

not only willing but eager and anxious to give my entire time and all my strength and energy—everything I had!—to giving the very best service possible. I realized clearly that to get the business I had to give value. Good service, competent, honest, painstaking, quick, I could guarantee; these things, and also my zeal to help, my fervent desire to serve my firm by serving its customers. No personal discomfort, no sacrifice of time, would be allowed to interfere with my doing my best always; I knew what I could do; which was also what I was willing to do without the need of being urged by any one.

As for advice or tips, I gave none and promised none. I had none to give. Moreover, it was not the way in which Bronson & Barnes did business, and believing as I did in my firm I was anxious to sell that belief to others—and I did. I knew that they had ample capital, exceptionally good floor men on both the New York and the Boston stock exchanges, and they desired to deal fairly always. And I sold that knowledge. Nothing could shake my belief or alter my knowledge.

I am, of course, speaking relatively. I did not actually sell these things to the men I tried to turn into customers. I sold them to myself, and that enabled me to keep on cheerfully trying to get business. I had promises aplenty, from my old friends and their friends, but no actual orders, no business whatever, and yet, always the thrill was there, the zest of the chase. The thought of getting men to trade with my firm when we couldn't give them anything that other firms couldn't give was exhilarating. When success came it would be all the sweeter for the competition.

11

New York I found quite different from Boston, but I was neither surprised nor disappointed. I found no difficulty in getting into offices in New York, but that was because I was properly introduced, and after I got in I gave them straightforward talk. I am no spellbinder. I don't know whether a persuasive talker can induce hard-headed business men into buying stocks and bonds through his firm, book-agent-wise. But I know I never tried. I have always given business reasons to business men. If those reasons did not appeal to them I couldn't and didn't expect to get their accounts.

In Boston when I went to see a man he asked me to sit down, and then, both of us comfortably seated, we would discuss investments and consider whether it was better for him to buy some of the bonds I wanted to sell him than buy Telephone stock or some other popular investment. In the end we were pretty apt to do business. But whether we did or not, when we parted each knew that pleasant personal relations had been established.

In New York the moment I entered an office I was definitely conscious that time was money. The business New Yorker did not discuss with me whether he ought to invest or speculate. He told me exactly what he wished or did not wish to do, and told it p.d.q. Also, it was less easy to get into a man's office in New York. There was little of

the Boston feeling of belonging to the same club. The fact that both of us lived in the same town did not make us feel neighborly as it does in every other city in the United States.

In New York also I found that the amenities of life did not matter much. There was usually good temper, but not always good manners. On the other hand, one could do much more business much more quickly than anywhere else. It was in the air. Money here became light; it seemed more mobile; it performed its circulatory functions more rapidly and impersonally, and therefore more efficiently. It struck me this might be because the moment one arrived in New York the spending began. Money went from you with every breath you exhaled. Doubtless the New Yorker felt it was only fair also to get money every time he drew in his breath. Every day two hundred thousand people from the outside came in, bent on business or on pleasure; that is, to buy or to play; to spend money, to add to the supply of it in New York. It therefore did not get a chance to stagnate. It was always either coming or going—chiefly coming.

The first thing I knew, I had been in New York a month and had not done any business whatever. Two months passed and I had not captured a single customer. My record of achievement after nine weeks of hustling was simply zero. But I did not consider myself beaten. I did not feel that New York had defeated me, for all that other houses were doing the business I had not corralled for our firm. I did not make excuses to myself or to Colonel Bronson when he came to New York, as he usually did every two or three weeks. I just

told him what I was doing, how I was going about my job of getting business—the business that I wasn't getting. And he would nod, pleasantly, an all-right-keep-it-up sort of nod, as though I had made a dozen bull's-eyes.

I kept it up, day after day going after business, and day after day returning to the office empty-handed. I don't think I was particularly timid, though I never was the hustling salesman of the stage or an expert in glib patter. I did not think the fault was with either my technic or my firm; I simply didn't connect. As near as I can remember, my feelings were about what a chap feels when he strikes out—a sort of disappointment that he didn't do better for the sake of the game, of the team and of his vanity. I was doing my best, and so I didn't have to die of shame; but I didn't like it. It was going to take much longer to get started than I had figured on, and that is always irksome to youth—that has so much time before it!

One day, at the beginning of my tenth fruitless week in New York, a man came into the office and asked one of the office boys whether I was in. When I heard his question I rose from my empty desk and walked quickly toward him, my right hand out to shake his with fervor and dispatch. You see, I was so keen on getting business that I had got into the habit of regarding everybody I spoke to, even in the most casual way, like street-car conductors or waiters, as prospects.

The stranger—a well-dressed, prosperous-looking man of about thirty—met me with an altogether charming cordiality. He informed me a mutual friend, Sam Celian, had sent him to me.

Well, I was so glad to see him that I allowed him to perceive it. I wouldn't have disguised my pleasure for worlds. He spoke like a man who wanted to do what he could for me, and I certainly knew what I wanted him to do. When he said he understood I had not been long in New York I admitted it, but neutralized it by telling him I had been in the Boston office of the firm and therefore knew just what Bronson & Barnes meant in the financial world. They didn't believe in blowing their own horn, but they had the goods to sell. I told him much more and he listened with such eager attentiveness that I warmed up to him. I assured him that if I or the firm could be of service to him it would give me a particular pleasure to do it, both for his own sake and for Sam's, because Sam's friends were my friends.

He agreed with me about Sam, who was then selling tickets at the Bijou Theater: "A great fellow, Sam," he said.

"He certainly is," I said.

Then, though he was certain I did not need to be reminded of it, the wonderful stranger began paternally to point out the grave dangers that beset all young men everywhere, particularly in Wall Street, and how necessary it was to insure your peace of mind and your family by habits of compulsory but none the less commendable thrift. He ended by asking me to consider taking out fifty or one hundred thousand dollars of life insurance. He represented the largest, oldest, best and most philanthropic of the life-insurance companies, and the particular form of policy he wished me to take out was the latest and the most advantageous of all. It

represented the work of the best life-insurance brains in the world, and the most generous terms were offered.

A life-insurance agent!

I had nearly invited him to dinner on the strength of his being my first customer, and I had begun to figure our profits on the ten thousand shares a month I had expected to get from him. Still, he might be good for a few hundred shares now and then, and every little helped. So I told him that if there was anything I passionately longed for it was to take out more insurance. But unfortunately I hadn't done a thing since arriving in New York and I wasn't sure of my job. So it was out of the question for me to think of giving him any business until I got some business myself. You see, it struck me that he might have friends or victims who traded in stocks.

He assured me he would make such easy terms for me that I wouldn't have to worry about the payments. But I told him the surest way to get my insurance business was to introduce me to some friend of his who needed the services of a really good brokerage house. I would thereby cinch my job and that would encourage habits of thrift as well as insure premium payments and my life at one fell swoop.

He didn't look very cheerful while I spoke, but of a sudden he brightened as if he saw commissions coming and he cried excitedly, "Oh, I know a man!"

I reached for my hat.

"He isn't satisfied with the service he is getting from his brokers," he went on.

"Who are they?" I asked, and shook my head, a trifle prematurely.

"I don't know," he answered.

"Well, suppose we go to his office and you introduce me?" I suggested.

"Come on!" he said.

We left the office well disposed each toward the other because both of us saw a chance of doing business.

His friend had an office in John Street. He was an importer of high-grade ingot steel, used in making superfine tools. I signaled the insurance agent to leave me alone with his friend, which he was nice enough to do.

I gave that importer everything I had, and in the end I succeeded in getting him to come over to us. He transferred his account from Wolcott, Harris & Co., to Bronson & Barnes. He was the first customer I got in New York. He is still a customer of my firm. And I never bought any insurance from the man who brought us together. He stopped coming around before I had any money to spare. I rather think he went into some other business.

It is very curious that it is always the first that comes the hardest. After I got this customer I had less trouble in getting others. I don't see why that should be, but it was so. That customers bring customers is as true of the stockbrokers' business as of restaurants or of physicians. I should like to point out that this first customer did not come to me through my Harvard connections or through personal friends.

I kept on gunning for customers. I did not care

so much whether I brought down squirrels or elephants so long as I brought back game to the office. After my first customer my luck—or possibly my shooting—improved somewhat, but it was still mighty slow business. I kept myself from discouragement by developing a habit of analyzing my own efforts with a view to doing better. Mr. Williamson was a very busy man and I knew he had never had any experience personally with the sort of thing I was trying to do, and therefore I did not like to take my troubles to him. There was no one in the office who could help me. But one day I did speak to Mr. Williamson, and he was so nice and sympathetic and gave me so many valuable suggestions that after that I made a point of talking with him every afternoon after the close of the market. After I was taken in as partner we still kept up that habit, and he always knew what I was doing and what I planned or hoped to do. I think that my partners are the finest men in the world. Their attitude toward me always was that of elder brothers, and I can never be too grateful to them. They made my work a pleasure.

But it was not alone from my wise and kindly chief that I learned. At a very early stage I realized that my outlook on business was too narrow; that I didn't know as much as I had thought I knew; and that what knowledge I did have was not accurate enough to be of real help to me. Thinking about it made me realize that two methods of increasing my knowledge and improving its quality were before me. One way was to let my experience be the sole teacher. This, of course, was sure, but also slow and expensive. The other method was to

profit by the experience of others. It was all very well for me to analyze my own technic and study the possibilities of my own business; but, I decided, I could learn far more quickly by studying the methods of my competitors. The moment I grasped this I lost no time in matriculating. I have kept up my studies and you can gauge the magnitude of my ignorance when I say to you that hardly a day passes when I do not learn something about my own business by studying what my competitors do and talking to them and profiting by their experience as well as by my own. When I find that I have nothing more to learn from others I shall instantly retire from active business.

I had many friends like Bill Winans who were in other brokers' offices. I made it a point to spend some time every day in one or another of them. Sometimes they were too busy to talk to me, but oftener than not they had time to give me, and I made use of it to learn something about their business, because that also was my business. Whatever I learned about stocks or bonds meant an increase in my working capital. The magnitude of the daily accretion was of less importance than the fact of the accretion itself. And these faithful friends introduced me to other men in other houses, fresh friends from whom I also learned. I always feel that I am not entitled to any credit for this because I found as much pleasure in it as the average man feels when he is riding his hobby to his heart's content. Learning my trade and getting paid for it was like drawing double wages. I paid the firm back later on when we successfully promoted certain companies. If it had not been for what I

learned in those early days in the office of a friend in the matter of the application of certain principles to our business, I never should have known how to go about it. One never can fix the date when knowledge is going to pay dividends. But without knowledge we are sure to pay assessments.

One of the things I learned from my daily visits to my friends' offices was something that had never occurred to me while I worked in the home office—to wit, that I could get business from other brokers. There were quite a number of commission houses in New York that did business in Boston stocks, and I soon found out that they were perfectly willing to give us that business. They had been turning it over to other Boston houses. I asked for it and after that whenever they had an order of that kind they gave it to us. It was not long before we built up quite a nice little business. It paid, and also it made us better known among the other brokerage houses in New York.

In going after customers I had some amusing experiences. One of my classmates, Leonard Durfee, worked in his father's office not far from Wall Street. He was learning the business, as befitted an only son. Leonard was anxious to help me and one day when he and his father went to the Counsellors Club to luncheon he saw me sitting at a table by myself. He introduced me to Mr. Durfee and told him point-blank that I was a good friend of his and that I ought to get some of their business. The old gentleman was evidently fond of Leonard, who was a mighty fine boy, for he smiled pleasantly and then and there gave me an order to buy five hundred shares of stock.

I was pleased beyond words with his order because I naturally looked upon it as merely the first of many to come. We ought to build up quite an account, I thought, with Mr. Durfee so willing to be nice to me for Leonard's sake. At that time my idea of happiness consisted of finding a customer who would trade several times an hour every day excepting Sundays and holidays. But Mr. Durfee was a fine-looking, dignified old gentleman, and it behooved me to be very careful for Leonard's sake and for my own.

So I thanked him as nicely as I knew how and decided to impress him with my conservatism, besides playing safe. So I asked him, solemnly, "Mr. Durfee, do you wish us to carry this stock on margin for you or do you prefer to take it up?"

Well, sir, my blood ran cold when I got the look Mr. Durfee gave me. He surely was one angry old chap. But he made a great effort, right there, before my horror-stricken eyes, and managed to say in a voice that made you think of a polar night in January, "Young man, I am sixty-five years old, and I have been in business forty-five years, and I never bought anything on margin in my life."

"No, sir," I hastily agreed with him. "I didn't think you ever had, sir. I just asked so as to ——"

"Oh, yes," he interrupted; "so as to find out if I had the money to give you."

"Oh, no, indeed, Mr. Durfee. It wasn't a question of the money at all, sir," I denied earnestly.

"No? Well, that stock is selling at 101 or 102, and that's fifty thousand dollars. That is quite a lot of money for an old fellow to have."

"We know you're good for it," I assured him, with the confidence of my ignorance.

"Then, it must be that you wish to make a stock speculator out of me, at my time of life." And he glared at me.

I certainly wished it, for he was only the fourth customer I had found up to that time, but I said, "Not at all, sir. Not at all!"

To my astonishment he began to laugh. He roared so that other people at the tables about us looked at him and smiled the indecisive smiles of men who ought to have listened to the joke but having missed it do their duty visibly by grinning.

Finally he said, "Young man, send the stock to my office with your bill, and I'll send you my check. You are taking big chances, though." And he walked away.

Well, I went to the office and gave the order. That afternoon after the close I told Mr. Williamson about it, and he also laughed and informed me that Mr. Durfee was conservatively estimated to be worth from ten to fifteen million dollars. He was one of the richest men in New York.

But it wasn't a fatal mistake, for Mr. Durfee still buys and sells stocks through us at times. He is over eighty-five years old and is worth all of thirty-five million dollars. Every time he runs across me in the Street or at the Counsellors Club at luncheon, he always yells at me at the top of his voice, "Well, Jack, have you learned yet how to size up a customer's rating? Eh?" And when I say yes, he asks me, "And do you still buy stock on margin for old men? Yes? Want to make a margin customer of me, eh, Jack?"

And I always tell him that is my one ambition in life, and he laughs. But he is still on our books.

Another classmate did something for me for which I can never be sufficiently grateful. I called on him at his office one day—one of my educational visits. He was in the brokerage business, but they did more in bonds than in stocks. He asked me, "Jack, do you know that the Atchison is going to issue some new bonds?"

"No, I don't," I answered.

"Well, it's so. A syndicate is being formed to underwrite the issue. Why don't you go in?"

"I will," I said, and rushed back to the office as fast as I could. I instantly got in communication with Boston. Colonel Bronson wasn't there, but Mr. Barnes was, and I told him about the Atchison bonds, and that we ought to be in that syndicate. He agreed with me, to my great joy. He knew all about the road. He was bullish on it and he was certain the firm could market quite a block of the new bonds.

The moment he stopped I ran over to the banking house that headed the syndicate. It was a very prominent banking house indeed. I asked to see one of the partners, and when I was ushered into his office I introduced myself and told him that we would like a participation in that Atchison bond business. I was very anxious to get it because it was business for my firm. For me it was the business of getting business, which was what I was paid for.

He stared at me meditatively; then he asked gently, "Do you do any bond business?"

"Not much," I confessed. "But we can sell

Atchison bonds. We are strong believers in the road and its prospects, and we have confidence in its management." That was not original, but it served my purpose.

"Well," he went on slowly, "we have not yet definitely decided what the issue price of those bonds will be. We shall announce the details in a few days when we send out our syndicate letter."

"Very well, sir," I said. "That will be fine. And Bronson & Barnes would like one hundred thousand dollars."

The affair was settled as far as I was concerned. All that there remained to be done was the actual selling of the bonds to our customers. I fancy he had no trouble in reading this on my Maine face, for he asked me, very politely, "Don't you think that possibly your firm would be interested in knowing what the price will be before they ask for a participation in the syndicate?"

"We are perfectly willing to be guided by your judgment in the matter of the price. Why shouldn't we be?" I asked him.

I really felt that way, for the reputation of this great banking house was of the highest. They were neither stupid nor unscrupulous, and that was all I needed to know. Besides, I wanted Bronson & Barnes to get the bonds. So the banker just smiled and nodded. Then I got up and shook hands with him and told him what my class at Harvard was, and I spoke of men I'd met who were in his class.

Well, we got the hundred thousand dollars of bonds, and I tried to do my share in selling them. It was my first venture of this kind in New York.

Since that time we have been on the great banking house's syndicate list.

The bonds were a mighty good investment and in my efforts to sell them I went to banks and trust companies as well as into private offices. In one of the banks I saw the vice president. I gave him my little talk and he listened not only politely but, I thought, with considerable interest. You know, you can always tell when you interest your auditor. When I finished I felt sure I had made a good impression; that meant that I had persuaded him to take the bonds. And that meant that I would sell him other bonds later on. A new customer! I felt quite happy about it.

Just as I expected him to tell me how many of my Atchison bonds he would take, he asked me, "What is your name?"

I told him.

"And the name of your firm?"

I told him.

"And how long have you been in New York?"

"Six months and eight days," I told him.

"Well, Mr. Wing," he said pleasantly, "this bank is rather closely affiliated with the banking house that heads the syndicate, and we are in the syndicate ourselves. In fact we are in the originating group." He spoke with great kindness. You can imagine how I felt. "I don't suppose you knew that," he went on, as if he were apologizing, "and I am sorry I wasted your time when I let you talk on, knowing we had all the bonds we could use."

"Well," I said, as soon as I was able to speak,

"it is up to me to apologize. I certainly took up a lot of your time. All I can say is that I am very sorry."

"You needn't be sorry. And now, I'll tell you this: If we had not been in the syndicate I'd have bought some of those bonds from you. I mean it. You can come in and talk to me any time you feel like it, and if there is anything I can do I'll do it gladly. I know your firm and I have met one of your partners, of whom I think highly. I shall be glad to see you, Mr. Wing, any time you call at this bank."

We shook hands and parted with the best of feelings. It was the beginning of a friendship that meant a great deal to me. And the memory of it is one of my most precious possessions.

The name of the man was Henry P. Davison.

12

It is necessary to go back a generation or two if I am to make clear my contention about the injustice done to the stockbroker of to-day by the public. I refer to the legend that the broker's prosperity is in direct proportion to his customers' adversity. It used to be inferred that every slump which wiped out the shoestring margins of the old-time speculators put that same amount of money in the brokers' pocket. That was why they used to call all slumps shake-outs. From the moment that opinions differed as to the imminence of a rise or a drop, Wall Street began to be execrated. Preachers fulminated against it from the pulpit, and demagogues denounced it from legislative halls, while the easy-money chasers cursed it.

Then as now it was the customer who did the damage. The man who goes to Wall Street intent on getting something for nothing does not suffer financial reverses; he commits financial suicide. On the race track the man who loses does not always blame the judges or the jockey. Sometimes he allows that the race was honestly won by the wrong horse. But that seldom happens with the stock-market loser. It isn't his own ignorance or greed or congenital asininity that is to blame, but the broker's rapacity.

That brokers have permitted or even encouraged overtrading or have allowed the customers' men to give hearsay tips or have failed to supply ade-

quate information to their customers, cannot be denied. But there again the good broker is blamed for the shortcomings of the bad or careless broker. However, my contention is that the methods have greatly improved in the financial district.

In the process of acquiring my business education I have made it a point to listen to my competitors and to my predecessors. From my contemporaries I gain a broader outlook than my own individual business could give. From old-timers I have learned that history repeats itself in Wall Street rather oftener than in most places. Larry Livingston says:

"I learned early that there is nothing new in Wall Street. There can't be, because speculation is as old as the hills. Whatever happens in the stock market to-day has happened before and will happen again. I've never forgotten that. The fact that I also manage to remember when and how it happened is my way of capitalizing the experience of thousands."

I was privileged to meet a friend of Mr. Williamson's; an old broker who retired not so very long ago. He was forever harping on the unfortunate changes that had come over Wall Street. It came hard to the old chap to change habits, for after all, routine does wonders in lubricating the machinery of living, and changes are merely different names for readjustments.

I asked him once what Wall Street was like in those days. He answered me in a senilely leisurely way. For a man whose business for thirty years had been to speak quickly on the floor of the Exchange, his speech seemed remarkably slow until it

occurred to me that possibly he was seeing memory pictures that flickered a bit by reason of his age.

"When I first came down here," he said, "Wall Street was not the beastly cañon it has become. There weren't any skyscrapers, nor the Coney Island crowds on the sidewalks at noon that make traffic so difficult. You didn't hear so much nonsense about New York's wonderful sky line that is responsible for the overcrowded streets and for the execrable manners of the young men and women who infest the financial district. Too many clerks! The bosses don't work enough. They play golf and hire clerks and women to do their business. They say it is impossible to transact the volume of business of to-day by working as we used to do.

"It is all different. The only thing that hasn't changed is Trinity Church at the head of Wall Street. The graveyard is still there and the tombstones are the same. In vain those monuments remind the money seeker that the vanity of vanities to which the preacher referred to is that which we now call trying to beat the game; for there is no easy money under the sun.

"The Subtreasury was there, but the old Assay Office façade has gone, and the Customhouse. Wall Street for the most part was a row of gray stone houses, for all that it was even then the most bedamned street in the world. They were old-fashioned dwellings with high stoops, and steps with iron rails, and they all had basements. It was a business street, but it didn't give you the impression of premeditated sordidness that a continuous series of huge office buildings does. The makeshifts of my day, in the shape of business

places originally intended for residential purposes, were less cosmopolitan and more American; less blatantly prosperous and infinitely more homelike.

"You see, New York, for all its population, was a small place, and the advantage of this lay in the greater friendliness. It was no trouble for a chap to know everybody in the same line of business. In Wall Street, the atmosphere always seemed to me more neighborly than uptown, because everybody that I saw down there shared the same hopes with me, even when they happened to be on the opposite side of the market, for weren't we all trying to guess right? My brother was in the leather business and he used to say the same thing about the atmosphere of the Swamp, where all the leather men did business and were neighbors. One could always send next door to borrow a cup of sugar or a pinch of salt. The community of interest bred something of the guild spirit of the Middle Ages. In Wall Street possibly dog was not so averse to eating dog as to prefer to starve; but in any event nobody extolled cannibalism or sought to justify it on grounds of dollar expediency. The fight was more like a football game. A man went out to win. When the referee wasn't looking he might be a little rough, but there was no desire to use chloroform and everybody was prepared to take as well as to give without losing tempers. A gentleman always finds it easy to feel sorry for the men whose money he takes in order to keep them from taking his first. Then we went down to our offices in stages or carriages and it took a long time. But we were human beings. To-day you go down

in subway electric trains in minutes. But you are merely bipedal cattle.

"We had certain things. You have others. You have committees on business ethics, and you invent rules galore to protect the public against everything except itself, and all that sort of thing. But how about the *esprit de corps* among the brokers themselves? Where has that gone? You are all business men. What's become of your brother brokers? In my day when one of my fellow members died, the chairman thumped his gavel three times, slow measured thumps that always suggested the tolling of a great bell. Instantly all noise and all movement ceased on the floor of the New York Stock Exchange. The sudden silence and the petrifaction of five hundred men were uncanny. The very air filled with the sense of a death. The chasing of dollars, the scalping of fractions, the buying and the selling of stocks stopped as all hats came off. We stood there and listened to the announcement of the departure of a pal with whom we had traded and laughed and drunk and jested and quarreled and matched thousands of times. Poor Bill! We did not take an hour off to weep for him, and when the gavel fell again after exactly one minute, the devilish din, the shouting and the profit grabbing and the scrapping resumed, all the louder and the more violent, possibly, for the intermission. But we did say, 'Poor Bill!' And now? Well, you can die and be damned, for all your fellow brokers care. Why, it would be awful to go back to the custom. Suppose three brokers died in one day. You'd lose three minutes! You are too busy to

waste any time between ten and three. Too busy to say 'Poor Bill.' But you have lots of committees and lots of brand-new don'ts.

"In my day, when you walked down Wall Street you saw men standing in the doorways, just like shopkeepers in a small town. Every doorway had its own particular group, and you got to know them as well as though they were in the same class at college with you. As a matter of fact, you got to know everybody who went down to Wall Street, for most of them were regulars. You met all sorts of characters, the same as now, only at much closer range. Some were men whose names were known to everybody who read the newspapers, while here and there was a person whose name, at his own request, accompanied by threats to the reporters, never appeared in the papers until after he was convicted and on his way up the river.

"In the basements were the offices of all kinds of brokers; gold brokers and stockbrokers and bond brokers. They used to do quite a little over-the-counter business there. I used to see Englishmen going into those basement offices all bent on the same errand and all looking like stage tourists. They would go in and say, 'Ow, I say, I wish to buy a few shares of Erie.'

" 'Yes; Erie is 38.'

" 'Ow, yes! I'll take ten shares.' And the broker would reach behind him and take a certificate for ten shares of Erie and give it to the Englishman. The broker usually got about a half-point more than the stock was selling for on the Exchange.

"Perhaps you think I am exaggerating, but I am

not. Englishmen used to go straight from the Leviathans of that day—gross tonnage about 5000 tons!—to Wall Street, to see the sights and buy Erie at one and the same time. That seemed to be a national habit. Only the other day I was speaking to a very intelligent and agreeable investment banker of Baltimore, and he told me a story his lawyer told him about a London client of the firm's. It seems this client had bequeathed a part of his estate to a relative in Baltimore who also was a client of the bankers. For some reason or other there were some complications in connection with the will or the estate, and the lawyer was obliged to go over the decedent's expense book for a number of years back. Well, sir, the lawyer came across the same item many times. The item was as follows: 'To yearly loss in Erie, £1348, 9s. 6d.'

"That's what the Englishmen thought of Erie. Our international investment business is different now.

"A lot of the business of the Street in my youth was done in the open air, particularly in Broad Street, where we had the original and real curb market. Business there began right after the close of the Exchange at three, and lasted about an hour and a half. It was a sort of postscript market and at times the volume of business was quite large, almost as much as we did on the floor. In a way it was like a big fair, where everybody was acquainted. The small fry may have admired the big fish, but they usually called them by their first names. Most of the habitués were members of the I-Knew-Him-When Club. The ticker did a lot of social leveling in those days. I might be walking

down Wall Street and I'd hear somebody yell 'J. G.! J. G!' Looking up, I'd see one of the alert split-commission brokers hurrying after a dark little man with very bright eyes and a black beard—the great Jay Gould, one of the greatest geniuses that ever operated in Wall Street, the sinister figure of whom old Daniel Drew in a moment of financial agony said, 'His touch is death!' A very rich and very powerful person, and yet all a man had to do if he wished to speak to him was to yell 'Jay Gould!' and the great Jay Gould would wait for him there in the Street.

"There were no tickers in those days. The quotations were circulated by men who got them from the brokers, wrote them down on pads and then went from office to office or from man to man with them. These men, who had the latest prices, were called pad shovers. They came up to you and shoved the pad with the quotations on it right under your nose, hence the appellative. They were the walking tickers. Rushing the pad, they used to call the process. It was not so quick as the ticker, but the brokers who furnished the quotations to the pad shovers were conscientious and careful, and nobody could or ever did question their honesty. The pad shovers were paid for their services by a commission on whatever business they took to the two-dollar brokers, from the offices of other brokers. They received one dollar per hundred shares; hence the term, split-commission broker. The Stock Exchange ruled against this kind of business eventually, and with the advent of the ticker the pad shover went the way of the fluid lamp and the stagecoach.

"The Exchange was different. On the New Street side they had what they called the Broad Room, and on the Broad Street side was the famous Long Room. The floor was fenced off by a rail, and outsiders paid fifty dollars a year for the privilege of standing against the rail and whispering their orders direct to their broker on the floor, on the other side of the rail. Of course there were people who hugged the rail all day and never paid a penny to the Exchange, but all were supposed to pay fifty dollars. The heads of the biggest houses on the Street did not deem themselves too important to be seen executing orders on the floor. You could see them in action; millionaires at work, and not ashamed of being caught at it.

"The strictly commission business as we know it to-day had not developed then. There were no blackboards in the customers' rooms. These came in with the bucket shops, where they were indispensable, since the business there consisted of betting on the fluctuations and it was necessary to have these before the sight of a lot of customers at once. That was the reason why so many of the old brokers even as late as 1901 or 1902 fought the installation of quotation boards in their conservative offices.

"Brokers were much abused men in those days. There were crooks and shysters then, as I suppose there will be to the end of time. Practices were tolerated that would not be tolerated to-day, but that did not really make the average any worse than it is at present, in my opinion. You'd imagine, to hear the talk about the better business ethics and the improvement in protective devices,

that the old members of the Stock Exchange were highbinders and cutthroats. But then as now the fault lay with the customer. It is always up to the customer to pick out a good broker, just as he picks out a good doctor or a good butcher or a good jeweler.

"Of course the market-milking process was in great esteem in those days. Everybody practiced it. They had done so from the days of Jacob Little and Daniel Drew, even before the Civil War. Of course, what Drew and Fisk and Gould did in Erie, even against so redoubtable an opponent as old Commodore Vanderbilt, was not feasible later on. I recall Calvin Brice and General Sam Thomas and their operations in American Cotton Oil.

"The late H. O. Havemeyer, of the Sugar Trust, did some masterly market-milking in his stock. You must remember that in such cases the principal beneficiaries and also the chief victims were the speculators. But while there isn't so much milking nowadays as there used to be, I have heard it said that for skill, audacity and success, none of the old milking records could equal that of a petroleum magnate in his specialty."

13

I might have known that Bronson & Barnes would pick the right man to put in charge of their New York office. Nevertheless, I call myself fortunate indeed that my chief there was Joe Williamson. His friendship has been a greater comfort to me than the money I've made. He had more to do with my success than I can make clear to you, because it is difficult to dramatize the way in which a good chief brings out the best in his men. I liked Mr. Williamson from the first, and he, New Englandlike, said nothing about liking me; but it was not long before I was certain that he trusted me.

One day when I was feeling rather blue over my failure to put through a certain deal on which I had been working rather hard, he said to me, "Jack, don't worry about that matter. I know you are reliable and you always do your best; so I'm with you to the limit. I see only one danger ahead."

I looked at him and perceived that he was in earnest. I asked him, "What's the danger?"

"That when things begin to go your way with a rush, you'll get the swelled head."

I laughed. I couldn't help it. I had just fallen down hard on a deal I was sure I had closed, and here was my boss warning me against the swelled head. What a warning to give after a disheartening failure!

I early fell into the habit of talking over our

business with Mr. Williamson every afternoon after the close of the market. The first thing we agreed on was that we must show the home office what service was. That meant that everybody in the office must be on the job every minute of the day. We were quick and accurate. We never explained why things we were asked to do couldn't be done by anybody, nor did we insist on demonstrating the impossibility of giving better execution. We contented ourselves with doing our best. In doing this we gave such service as had never before been given to any Boston house by its New York correspondents. The home office perceived it and played it up so that even if our local business did not grow as fast as I wished, the Boston business increased. And such is human nature that the very excellence of our service caused us annoyance. The slightest delay or a difference of one-eighth of a point in the price we paid or obtained on a market order brought us complaints from our Boston customers. Had we not led them to expect infallibility and competence from us they never would have asked for perfection. It used to vex me deeply that Boston did not seem to realize that in Mr. Williamson they had the best broker on the floor of the New York Stock Exchange. Being only a clerk, I could not know that Mr. Williamson was the most intimate friend as well as the trusted associate of both Colonel Bronson and Mr. Barnes.

Well, I think Mr. Williamson and I succeeded in building up a machine for doing business that had a capacity far greater than we could utilize. In the consciousness of this we found a fresh and

stronger incentive to do more business. As I have said before, the only way to get business is to go after it, and that is what I did. I made changes in the office system and developed a more efficient clerical force, but my chief concern always was new business.

In common with most commission houses we were still under the influence or glamour of the old tradition. We still believed that it was the big trader who paid. We all wanted big accounts. The other day somebody asked me why in Wall Street tipsters still spoke about the mysterious and purely mythical coterie of supermanipulators who are known as "They" and are supposed to move prices up or down at will in furtherance of elaborate plans for milking the market. Well, I really think the persistence of the "They" myth is due to the fact that we still hear more stories about the millions made by this or that plunger than about the aggregate winnings of the thousands of men who trade successfully. I mean the men who have used common sense and have bought or sold stocks only after informing themselves thoroughly about conditions.

Being still under the persuasion that the big account was most desirable I went after it. After all, there was ample reason for preferring the big customer. He was usually much more than merely a man with money. He was a man who had made a fortune in his own business by the use of those success-compelling qualities which are valuable in any business. Now a man who had gumption enough to make millions in his own game was a good man to do business with. He usually did his own thinking. He wanted facts and not opinions.

He was more apt to give good advice than to ask for it. All he needed was accurate information—if and when obtainable—and good execution; or, in other words, good brokerage technic.

With such a man I did not have to use words of one syllable. If the customer got enough clinical data to enable him to form an intelligent opinion he did not hesitate to act; and that made him a good purveyor of commissions. Such a man was accustomed to assuming responsibilities, to deciding quickly, to losing money without losing his grip. In other words, the big customer was a big man in many ways. He didn't make millions in his own business without learning something.

Of course I knew, even then, that there were exceptions. There were and are d.f. millionaires just as there are d.f. pikers, and many a rich man makes money because of his money rather than because of his brains or his knowledge or his nerve. But I am speaking of the type of big man who earns his success.

The little fellow was more bother. That was the common experience. He was the reverse of the big one. He wanted not facts but tips. He wished to be told what to buy or sell and then to be forced into doing it. If the advice proved good he would think that he had paid for it when he allowed his broker the twelve dollars and fifty cents commission per hundred shares. If the stock went up ten points and he made a thousand dollars he still thought the twelve dollars and fifty cents amply paid for it, though he told his friends how clever he had been to get aboard when he did. If he lost he didn't think of the broker's twelve dollars

and fifty cents, but of the four or five hundred dollars he himself had dropped—as though the broker had taken the money out of the customer's pocket and put it into his own.

To-day the up-to-date brokerage office has its fully equipped statistical department which supplies the desired information—official statistics of earnings, analyses of trade conditions, and so on. Our customers to-day are actually compelled to know what they are doing. We do not give irresponsible tips or market gossip. When we are bullish on a stock we know why, and we give our reasons in full. The customer does not have to do anything if our reasons don't hit him right. If he takes our advice he does so knowing what he is doing and also why.

People often ask me what the principles of investment are. Well, I should say the first thing to do is to go to an honest dealer. The operation of buying stocks or bonds is like buying jewels or shoes or furs. Get an honest broker; ask him for facts and figures and do your own thinking and deciding. Use the care that you would use to select a doctor or a butcher.

When I first came to New York I took every account I could. I made mistakes. I mean, I took accounts I never should have taken. After I exhausted what I might call the immediate prospects on my Harvard Club list, knowing we had the capacity to handle much more business than we were doing, I went after the big man in earnest. I remember, for instance, hearing that Colonel Bronson was acquainted with Winthrop C. Ross, at whose office I had called at least fifteen times but never

got beyond the secretary, for Mr. Ross was one of the busiest men in the world. He was interested in all sorts of enterprises. At that time he was interested in promoting a big deal in Boston and he spent half his time there, so I took it upon myself to ask our senior partner to tackle Mr. Ross. I myself was perfectly willing to call at Mr. Ross' office every day for ten years, but I wanted the account as soon as possible. It didn't matter through whom it came into the office so long as it came. The important thing was to increase the business done by the New York branch, and Ross was no chair-warmer.

He was a New Hampshire man and owned about all the trolley lines in that section of New England. He had accounts with some of the biggest and richest commission houses in the Street, and if he was good enough for them he was good enough for us, I thought. I learned it was nothing unusual for him to swing a line of one hundred thousand shares in the office of Westcott, Blaine & Co., at that time one of the biggest of the big houses of the Street. They had more multimillionaire customers than any other.

Well, Colonel Bronson did talk to Ross. You know, the colonel is the most persuasive man that ever lived. He always gets about everything he asks for, and the reason, as near as I can make out, is that everybody is willing to do as he wishes because it is perfectly plain that he himself is willing to do what they ask of him. They all feel they cannot refuse a man who cannot refuse them.

At all events, the colonel told me to call on Mr. Ross, and I did. This time I was allowed to see

him. I told him we were ready to give him the best of service in both Boston and New York. He was doing quite a bit in Boston just then and he used us rather extensively; but I saw to it that he also gave us a lot of business to do in New York. It was a very profitable account, for, as I told you, he swung a big line. He was the moving spirit in a half dozen corporations whose stocks were dealt in on the New York Stock Exchange and he traded heavily in those shares as well as in others that were not controlled by him.

I will say here that many people wondered that a conservative house like ours took the account of such a plunger as Mr. Ross. They thought it couldn't be safe. There is a popular delusion that margin business is risky and therefore not quite legitimate and all that. That is not true. Of course, margin business is like everything else. A house may be so keen about getting business that it will take too many chances. But if a broker uses judgment his margin business is the safest business in the world.

Our own experience is that we, as a firm, have lost more money dealing in first-class municipal bonds than in bad marginal accounts. We have not lost ten thousand dollars in such accounts in ten years. We simply do not let any customer trade on a small margin. By insisting on safety for ourselves we insure safety for the customer. We have stuck to our rule of having margins kept up, and by so doing we have kept our business and our customers. We never have been so anxious to get commissions as to make us forget this rule. That is one reason why we have never had a bank

call on us for additional collateral. What we have insisted our customers should do we have ourselves done without waiting to be prodded by the banks, whose margin customers we were.

A man in the brokerage business has to deal fairly by the banks. It is a theory of my senior partner that it is silly to quarrel with the banks about the terms of a loan. Suppose we pay one-fourth of one per cent more to our bank than we would need to if we went about and shopped for money, what difference does that make? We always keep about a thirty per cent margin on our bank loans, for it is a rule of Bronson & Barnes to see to it that this is kept up. The moment it begins to look weak we pump more collateral into it. If a bank asks us to take out certain securities we do so at once, without remarks, however strong our conviction may be as to the value of the securities in question.

There isn't anything remarkable about all this. Every good brokerage house does the same thing. But I will say that for years I worked very hard to demonstrate to my fellow brokers the folly of doing business on an inadequate margin. When I first came to Wall Street the average was about 10 per cent. There were some houses that did business on a five per cent basis, for they thought they must compete with the bucket shops. But we have changed all that and thereby eliminated a source of loss to the public. Insufficient capital and inexperience are the chief causes of commercial failures in the United States. This is as true of stock speculation as of retail dry goods or shoes or men's clothing.

Winthrop C. Ross was the largest account of our New York branch. We made a great deal of money in commissions and we gave him the best service we could. It must have suited him or he would not have stayed with us. We naturally wished to keep him in that frame of mind. He was a very shrewd man, a multimillionaire, with a record of a dozen brilliant flotations and a reputation for great skill in corporation financiering, which is very different from financing. Such a man would not expect to be dunned for margins or be subject to the ordinary rules of a broker's office. Star customers are apt to want more than the usual consideration.

Well, there came the time when we had the Silent Panic of 1907. Things began to go wrong and the reason was not clear at first, although when the big crash came one epigrammatic broker explained it by stating that somebody asked for a dollar and when he could not get it tried to sell stocks. But weeks before that happened came the news that Mr. Ross had resigned the chairmanship of the board of directors of a bank of which he had long been the largest individual stockholder. With his loss of the absolute control of the bank came rumors, for Mr. Ross had been too bold a plunger to go unscathed by the gossip mongers of Wall Street during a crisis.

Mr. Ross, as I had reason to know, was a very rich man and his account had been very profitable to us; but we had our rule about margins. When a rule is based on sound business principles it is wise to adhere to it. If you begin to make exceptions every time that adherence to it means a dis-

agreeable five minutes, the rule becomes worse than valueless. Policy is policy always.

We were carrying a big block of New Hampshire Traction for Mr. Ross. It was his pet. He had made several sensationally successful coups with it.

As I said, we had this big block of New Hampshire Traction in the office. The price of it began to decline in sympathy with the general weakness, and presently Ross' margin began to get closer and closer to our irreducible minimum. If it had been any one else I should have sent him notice to come up with more margin, but in Ross' case I hesitated to do so. We had never before had to call on him for more margin, and star customers often suffer from the peculiar irritation displayed by all very rich men when they are asked for actual cash at any time for any reason. They do not relish taking gilt-edge securities out of their strong boxes. It is too much like using up actual capital instead of doing business on their name as usual. There isn't much difference when you get down to it, but book-keeping millions or credit based on prestige is easier to pledge than cash or investment holdings.

But the price declined still further and things looked pretty black, so I mustered courage and telephoned to him. I tried again and again, but somebody on the other end always said Mr. Ross was out or at some conference or at some directors' meeting and could not be reached.

That did not satisfy me, and at last, with much trepidation, I went uptown. I thought we stood a good chance of losing our profitable star customer. No matter how tactfully I asked him for more margin, he was going to be peeved. On the other

hand, if we were to survive the vicissitudes of our business we must conduct that business on sound principles. The soundest thing I knew was to get more margin from Ross.

I got to his office. His secretary was one of those unusual women that you occasionally find in big capitalists' offices. She was not as well known to the reporters and the financial writers as Mr. H. H. Rogers' extraordinary secretary, but Ross' was the kind that knew her job to the dot, said job consisting of keeping everybody from getting within money-asking distance of her harassed boss.

I bowed to her politely and said, "My name is Wing. I am from Bronson & Barnes. I wish to see Mr. Ross."

She looked at me and I instantly perceived that all the wisdom of all the ages, somewhat congealed after three thousand years of cold storage, was in the lady's eyes.

She had heard every word, but she asked me with the detached air of a person who is stone-deaf but resigned to do the rest of her life without music: "You what?"

"I wish to see Mr. Ross," I answered as distinctly as I could, and prepared to walk past the gate of the railing.

"I am sorry," she said, in utterly impenitent icicles; and turned wearily to her work, which consisted of reading typewritten papers placed there for the purpose of ending annoyances by me and my like.

I noticed that the door into the inner office was open. I therefore raised my voice and said, "Will you please go in there and tell Mr. Ross that Mr.

Wing, of Bronson & Barnes, is here on important business?"

She read on for at least two exasperating minutes before she raised her head. She was not adamant; that was too mushy. She simply stated a natural law for my benefit: "I'm sorry!"

"Why are you sorry?" I asked.

"Because you wish to see him." She nodded as if to herself. Then she had an attack of common humanity. It made her explain, almost kindly: "Nobody can see him."

"Nobody?"

"Nobody!"

"Why not?" I persisted.

And she politely vouchsafed, "He can't see anybody."

"What's the trouble; cataract?" I asked.

"No. Absence!" she answered without the slightest trace of irritation.

I thought it had gone far enough. So I told her, "He's got to see me. I've tried to reach him by telephone and couldn't. That's why I came myself."

"I'm sorry," she sighed.

"He will be much sorrier if he doesn't see me," I assured her.

"I am sor ——"

"Look here," I interrupted in a loud voice, "I am going to see Mr. Ross, no matter what you say. He is in that office and he will have to come out when he gets hungry. I can fast as long as he can, so I am going to sit down here until I say my little speech to him. I am prepared to fight it out on this line if it takes all summer."

I looked about for a chair and saw a messenger-call box. So I went up to it and rang for a boy. Then I said, really speaking to the open door of the private office, "I've just rung for a messenger boy. When he comes I'll send for enough food and drink to last me a week. In the meantime I'll sit down and wait for Mr. Ross." I drew a chair nearer to the gate of the railing and sat down with my back partly turned to her, as though waiting for the messenger boy. I could feel her eyes on me. That is the truth.

My scheme worked, for a man's voice said, angrily, "What do you want?"

I turned. Mr. Ross stood in the doorway.

"I want fifty thousand dollars more margin on your account."

"You don't need it."

"We do. It's our rule. You know it," I said politely.

"Well, you can't have it," he said.

"Mr. Ross, we don't wish to add to your annoyances, but we've simply got to have additional margin from you." I thought I might as well stand by my guns, once I had begun firing.

He waved me away with his hand as though I were an affectionate child with a sticky lollipop and said impatiently, "I am too busy just now. I can't do anything about it."

"Mr. Ross, we'd like very much to carry your account, but it isn't in satisfactory shape."

"I told you I couldn't do anything about it just now. I am very busy with other matters." And he turned to go back to his private office.

"Mr. Ross," I said to our star customer, "unless

we have additional collateral in securities or cash we'll have to liquidate the account."

"You don't dare do that!" he shouted.

"Don't we? Just watch us!" I said and started away. In order to make sure he understood, I added, "You will have ample time in which to protect your position. If you do not choose to do so we shall sell your account!"

I went back to the office. I figured it meant the loss of a profitable customer, but I must first of all protect the firm, in justice to all our other customers. I must stick to our rule about margins. I dictated a letter—the usual form—notifying Ross that unless additional margin in the shape of securities or cash was deposited in his account by 10.30 A.M. on Thursday—this was on Tuesday—the stock we were carrying would be sold for Mr. Ross' account and risk on the floor of the New York Stock Exchange.

We did not hear a word from him, and so on Thursday Mr. Williamson sold out Ross' New Hampshire Traction. The stock broke wide open. We did not lose a penny, but the price was down forty points at the close on Thursday. Others had followed where we led.

Friday morning Ross called at our office. I thought he had come to raise Cain and threaten lawsuits, and all that. But what he did was to apologize for the way he had spoken to me in his office. He said I had asked him for more margin in a nice way and when he did not respond we sold him out, after giving him fair notice and ample time. He had no complaint to make.

It so happened that Ross was one of the chief

victims of that famous Silent Panic. He was too greatly overextended to save himself, notwithstanding his vast resources and his prestige. His complete collapse later became one of the historic crashes of the Street, and his name, through the newspapers, became rather unfavorably known throughout the entire country.

After we got the big customers like Ross, I ran up against a scarcity of the minor variety. I went out every day, calling on my friends and on their friends, picking up a new account here and there, but not increasing as fast as in my youthful eagerness I desired. I don't suppose I would have been satisfied with my progress, no matter how rapid it might have been. Business to me has been a sort of sport. Getting customers meant getting points. It meant more than winning; it meant improving my game. I was getting a hundred and fifty dollars a month, I think, and the firm was not losing money on me; but I was not satisfied with the business I was getting.

14

One afternoon an intimate friend of mine who was a bond broker came to see me in my office. Mr. Williamson had not yet come from the board and I had just stopped in to see if anything had turned up that required my attention. I always did this, dropping in several times a day unless my customer chasing took me too far uptown.

This bond broker was Clarence Cramer, who had been my classmate not only at Harvard but before that at Exeter. After leaving college he had gone to work for a firm of investment brokers who made a specialty of high-grade bonds, and he became an expert.

Another Harvard classmate, Brandon Donahue, went into business with his uncle and together they founded the stock-exchange firm of Humphreys, Donahue & Co., specializing on bonds. A couple of years before my arrival in New York, Brandon Donahue invited Clarence Cramer to join the firm as partner, which Cramer did. They had been very successful and were among the best known of the younger houses. To-day they are among the most successful in the United States.

Clarence came to see me because he and Brandon had decided to devote more attention to the stock business. In looking about for a man to put in charge of that end of it they both thought of me. We had been together at college—Harvard again, you see—which meant that they knew all about

the sort of chap I was. Of course I had seen a great deal of them at the Harvard Club, and every time we ran across each other anywhere we had the kind of chats classmates indulge in.

Clarence told me that he and Brandon had talked it over and they wanted me to go with them as full partner. They were growing fast and they were sure I would do pretty well, for there was no doubt in their minds that I could develop their stock business. I would have complete charge of that end of the business. They had kept their eye on me from the day they learned what I had come to New York for.

It was both a pleasing surprise and a shock to me. It thrilled and it disturbed me. It was an opportunity for me to be my own boss and thus have a free hand to do something big. At the same time it would take me away from Bronson & Barnes. I was glad to know somebody considered me a success, but I was made uncomfortable by the consciousness that I had not finished my work where I was. The thought of a partnership and the increased income was gratifying, but leaving an unfinished task made me unhappy.

I suppose Clarence Cramer must have seen the conflicting emotions on my face, for he said, big-brother-like, "Think it over, Jack. Take your time. We want you. You know us and we know you. It will be a family affair for us to be together in business."

This was just about the close of the market. Pretty soon Mr. Williamson came over from the board. He saw me talking to Clarence Cramer, to whom I had introduced him months before, and

he nodded to us. He sat down at his desk and looked over some memoranda I had left there for him. Usually I went over and sat by him and talked over what I had done that day and what I hoped to do on the next. Of course I couldn't do that while my friend was there. But pretty soon Clarence left. Still I did not go over to Mr. Williamson, because I did not know what to say to him, not yet having decided what I was going to do.

I was running over the pros and cons in my mind when suddenly I heard Mr. Williamson call, "Hey, Jack, what's the matter?"

"How do you mean?"

"Just what I said. What is the matter?"

"What makes you think there is anything the matter?" I asked him.

"I see it," he answered.

"Where do you see it?"

"Well, when I see you walking up and down the room with your hands in your pockets and your head bent way down, which is something you never before have done in this office, I naturally conclude that something is the matter. And such being the case, I naturally wish to know what it is. Wouldn't you, in my place?"

His voice was as kindly as my father's would have been, but I wasn't half listening to him. I was thinking that my old classmate Clarence with the best intentions in the world had flung a monkey wrench into the machinery. I was being pulled this way and that. It made me think aloud.

"I wish that damn Clarence hadn't come to see me.

"As bad as that, eh?" said Williamson.

"Yes."

"What did he do to you, Jack?" he asked fraternally.

I had grown very fond of him and the thought of giving up that one-room office for a full-fledged partnership in a growing stock-exchange house did not give me unalloyed happiness. My acceptance of Clarence's offer would mean my not seeing Mr. Williamson and giving up the talking and the listening and the planning and the working together.

"He has offered me a full partnership in his firm," I said to Mr. Williamson, and I am sure it sounded like a personal grievance. "What do you think I ought to do?"

Instead of answering at once Mr. Williamson got up and walked over to where I stood. He looked at me and the light in his eyes was neither friendly nor unfriendly. When he spoke it was in a noncommittal voice, neither cold nor cordial.

"Wing," he said instead of the usual Jack, "Bronson & Barnes never bid against another firm for any man's services. You will have to do your own deciding."

"Decide what?" I asked.

"With whom you prefer to work," he answered.

"I will," I said.

After a pause he asked me only mildly curious, "How long will it take you to decide?"

"I'll let you know to-morrow," I said, and already I felt much further away from Joe Williamson than I had felt on the day I reported for work under him.

"Very well," he said. That closed the incident

for him in his capacity as resident partner of the brokerage firm of Bronson & Barnes. After a pause he said briskly, "Jack, suppose you dine with me to-morrow night."

"No," I said. "You dine with me at the Harvard Club. We'll go up together from here, what?"

"Fine!" said Joe Williamson.

It so happened that I was pretty busy all the next day until late, and I didn't say anything to Mr. Williamson, nor he to me. That night we went to the Harvard Club together and I ordered the best dinner I could get there. We didn't talk business, and the longer I sat at the table the better I felt.

Finally, after the coffee, he said to me, "You are feeling pretty gay, aren't you, Jack?"

"I am!" I said.

It suddenly struck me that Mr. Williamson had the makings of a marvelous poker player. He had the face for it. I could not read it any more than I could read a blank wall.

After a long and utterly expressionless look, he asked me, "Have you decided?"

"I have," I said, and boyishly waited for him to make the next move.

He did so by asking, "And, pray, what have you decided?"

"I've decided to stay with Bronson & Barnes," I told him.

He stopped being a poker player and I have never felt so happy in my life as when I saw the change that came over his face. It struck me for

the first time that possibly he was as fond of me as I was of him.

He held out his hand and when I took it he squeezed mine with all his might. Then he said in a gruff voice, "You'll go to Boston with me to-morrow, young fellow."

He looked as though he were threatening to break my neck, but I laughed and said, "I'd just as soon travel with you as with some one else."

I didn't know that he had talked to both Colonel Bronson and Mr. Barnes about me. His colloquy with Mr. Barnes, as it was afterwards told to me, was something like this:

"I'm coming over to-morrow and I want you all to wait for me at the office. Very important business," said Mr. Williamson.

"What business is it?" asked Mr. Barnes.

"The business of taking in a new partner."

"Who is it?"

"Jack Wing," said Mr. Williamson. I hadn't been in New York a year, remember.

"This is pretty sudden, isn't it?" said Mr. Barnes in his mild way.

"Yes. But he has had an offer of a partnership in a young and progressive house where all the partners are old personal friends of his. I don't think we ought to wait to be asked for promotions. It is always wiser to anticipate such requests. It is suicide for any firm to let good men go. I told Jack that he would have to decide for himself because Bronson & Barnes wouldn't compete for his services with any one, and I think he is going to tell that he'll stick. But while he will stay with

us without our having to make him promises of any kind I am strongly in favor of taking him in."

"Don't you think he ought to be with us a little longer before he becomes a partner? Say, one more year?"

"No, I don't. What will we gain by waiting?" said Mr. Williamson.

"We'd better talk it over," said Mr. Barnes. Of course I didn't know any of this at the time.

"I'll be up to-morrow," said Mr. Williamson.

Well, the next day Mr. Williamson and I went to Boston. I felt quite embarrassed when I walked into the home office. I was afraid one of the partners was going to say something nice about my deciding to stay where I was instead of accepting Cramer's offer, and I felt cheap in advance because my motive was simply that I liked my old position better than the new and I was merely pleasing myself. But Mr. Williamson did not indulge in any rhapsodies.

He simply preceded me into Colonel Bronson's office and said, without preambles, "Sam, there is no sense in having all the partners go into a conference about Jack, here. One man can do the talking for all. Suppose you do it."

Colonel Bronson nodded and Mr. Williamson took himself away, leaving me alone with the head of the firm. I had no idea whatever of what was coming. I thought that possibly I might be promised a raise.

Colonel Bronson, who usually smiled when he talked to me, was not smiling now. He said, very seriously, "Jack, you've done very well in New York and we are much pleased with your work."

"It sounds mighty good to me, coming from you, Colonel," I said. "Of course I know I haven't done as well as I thought I should."

"You've done well enough to satisfy us," said Colonel Bronson. "Now Williamson seems to think we ought to have another partner in New York to relieve him of some of the responsibility, and we have decided that you are the man we want."

Well, I was flabbergasted. I didn't know what to say. I think I thanked the colonel and promised him to do my best. At any rate when I got through saying whatever it was I said, Colonel Bronson smiled and shook hands, and he told me what my interest in the firm would be—I mean the percentage—and also that I'd have a drawing account of five hundred dollars a month. These details did not interest me as much as you'd imagine. I was thinking of what I'd do, now that I'd be working for myself. I couldn't be more keen to get business than I had been, but I'd be able to ride certain hobbies of mine with fewer misgivings.

I left the colonel's private office hell-bent on finding Mr. Williamson to tell him what I thought of him. I was sure it was he who had suggested my being made a partner.

Mr. Williamson was talking to Oswald Elmer, Mr. Barnes' private secretary. I rushed up to him and grabbed both his hands.

"You've done it, old fellow! You've done it, old fellow!" they tell me I yelled at the top of my voice. I know I wanted to hug him. And what do you think that man Williamson, who was quite as happy as I was over it, said to me?

He looked bored to death and remarked, "It's about time we were getting back to New York, young fellow!"

We took the train back that night. I don't think I slept much; in fact, I know I did not. I was up bright and early and was shaved and waiting for Mr. Williamson in the wash room of the Pullman when he came in.

"Good morning, Mr. Williamson," I said. "I think we're going to ——" I began. But he checked further speech by holding up a hand like a traffic policeman.

"Look here, Jack," he said with decision, "there mustn't be any more of that."

"Any more of what?" I asked. I really didn't know what he meant.

"You are my partner now and we don't mister each other in this firm. We use first names."

He was years older than I and I was used to talking to him as one does to a chief of whom one is very fond but who, for all that, is still one's chief.

"I can't call you Joe," I objected.

"The deuce you can't!"

"It doesn't sound right."

"Not from a fresh clerk, but it is what I expect from a partner. We'd be a fine pair, you mistering me and I mistering you. No, partner. I'm Joe from now on, see?"

"I'll have to get used to it," I said.

"You'd better. What else is on your mind?"

"Why did you tell Colonel Bronson and Mr. Barnes to take me into partnership?" I asked.

"Do you really want to know?" he asked. He

looked at me and presently began to smile—that fine, little, subtle, New England, ten-reason smile of his.

"Yes," I said, and prepared to hear some jocularity. But his face took on a serious look as he answered me.

"Jack, trustworthiness is what you owe it to. I can depend on whatever you tell me. You are reliable and a hard worker, and you will accomplish a great deal if you can manage to keep from getting the swelled head. You won't get it as long as I am in the office to watch you, but after I'm gone and there is nobody there to sit on you whenever you need it, you may develop delusions of grandeur."

That was the second time he had warned against the swelled head.

"Have you noticed any signs of it in me?" I asked him. I began to feel anxious.

"I didn't say you had it," he said, "or that you would ever get it. I am pointing out the one danger you must avoid if you wish to go far in our business, or any other business, for that matter."

"No danger," I said. But he shook his head.

"Jack, there is always that danger where a man achieves success. He owes his successes precisely to not having the swelled head, but he sometimes forgets it and in time gets to attribute his success to his luck in being the wonderful man he is. That is fatal. Remember that, will you?"

"I'll never forget it," I promised, and never have I forgotten the voice in which he said, "You'd better not!"

And I haven't. Neither have I ever forgotten

his reply to a question of mine about investments. One of our customers asked me which stock or bonds I considered the very best investment, and I told him nobody could answer such a question offhand. It covered too much ground, for one thing. But he persisted and he asked, "I suppose you have some of your capital in securities, haven't you?"

"Yes," I said.

"Well, you are supposed to be experts. Now which of the securities that Bronson & Barnes have locked up in their strong box do you consider the best investment? You can answer that, I suppose?" said the customer.

"I can't offhand because I don't remember all the securities we have. We have a lot of securities that have come to us as members of underwriting syndicates," I said.

"I don't mean those. I only want those that you won't sell," explained the customer. So I promised him to look over the contents of our box.

That afternoon I was telling Joe Williamson how the customer had stumped me and he took it so seriously that I was surprised. Joe does not often preach and he has a keen sense of humor. He can see as far as the next man, whether he is buying old silver or bonds or paintings or real estate. He always knows what he does and even what he says.

"Jack," he said slowly, "the best investments our firm ever made are those securities that we shall never sell because they were not what we thought they were going to be when we went into them. We took our loss, and kept them, to remind us. Mighty fine investments, those. Think what we have gained by keeping them instead of passing them on to some-

body else! Think of what we'd have lost if we had passed them on, knowing what we did about them!"

That is another speech of Joe Williamson's that I have never forgotten. Perhaps I shouldn't have told you this story. But I wished to make plain the kind of stockbroker Joe Williamson was.

Being a partner in the firm meant that I now had the power to make certain changes in the office force and in the system which I had not cared to press on the firm before. With Williamson's approval I increased the personnel and made the changes I had wished to make. We had been too cramped in our one-room office for some time. We were doing enough business to justify larger quarters and I felt certain we should do still more after we increased our facilities.

We found a fine set of offices in one of the best-known office buildings in the world. They had been occupied by Williamson & Brown, who had outgrown them. They sublet them to us at a low rental.

Our new offices were quite a contrast to the old. There were great columns that looked as if they were supporting all the upper stories. The ceiling was so high that the place suggested a bank rather than a stockbroker's office. The general impression was one of greater magnificence than we were entitled to; but as a matter of fact there wasn't any too much room.

If I had been active before in my business chasing—and I had brought in more than fifty thousand dollars in commissions from the day I landed to the time I was made a partner—I became even more active now. Joe Williamson and I as usual talked

over the business every day; but now we began to develop a habit of planning ahead years instead of weeks. We confabulated and schemed and discussed measures; and then I'd go out and try to carry out the plans we had so enthusiastically formed in our conferences. We tried incessantly to give better and better service to our customers in New York and Boston, and we steadily increased our business.

We were on the list of the leading banking house, but we were not known among the dealers in investment securities. In Boston, of course, we had done some business in bringing out new companies, but these ventures had not been uniformly successful and the prestige of Bronson & Barnes had suffered some severe blows. The failures were not discreditable and those of our clients who hung on as we did in the end retrieved their losses or did even better.

One day a banker with whom I had become friendly suggested to me that our firm underwrite an issue of notes of the Eastchester and Sound Traction Company. The company was doing well, but needed cash to purchase new equipment. It was no time to issue bonds on terms favorable to the company, and hence the notes. The company was doing a good business. It had paid dividends on its capital stock for years and there was no question as to its ability to pay the interest on the notes. There was only five million dollars of them at six per cent per annum. My banking friend thought we would have no trouble in disposing of them at 98. We could buy them at 96.

It looked to me like a quick, sure and easy two per cent commission on five million dollars, and I was strongly in favor of this, my first deal as a partner. I returned to the office and spoke to Joe Williamson about it and he felt as I did. We called up Boston and they were favorably impressed. At my partners' request I went to Boston and talked with Colonel Bronson and Mr. Barnes. They told me to go ahead.

We underwrote the issue of six per cent notes and started to sell them at 98. They went so slowly that I began to get nervous. The Boston office, which had more experience as well as the larger clientele, was not selling as many as I had banked on in my enthusiasm. You see, investors there did not know the traction company as well as New Yorkers did. And as for ourselves in the New York branch, one thing is to find a man who wants to trade in stocks and another is to tie up money for a couple of years even though it may return you better than six per cent per annum.

I met my old classmate, Clarence Cramer, at the club, and in the course of our conversation I happened to tell him some of my new worries. He told me that I was too impatient; that investors were a different species of animal from stock traders and therefore the brokers' technic must be different.

A day or two later I ran across him in front of the Subtreasury and he asked me how I was making out.

"About the same," I answered. I imagine I did not look very cheerful.

"Jack," he said, "I was telling Brandon about it.

You haven't the organization to make a quick go of it. Now, if you wish, we'll take all the unsold notes off your hands at 96½."

We had only sold a little better than a million in ten days. I certainly had a case of cold feet and I was tickled to death to get rid of the rest without loss of time or money. But I told Clarence I'd let him know what my partners said. I hurried off and reported Humphreys, Donahue & Co.'s offer to Joe Williamson.

"If you are going to stew and worry," he said, "and you want to stick to your knitting after this, I'm willing. Anyhow, you are not taking a loss."

I called up Boston and talked to Colonel Bronson, and he said to do whatever Joe and I thought best. So I accepted Clarence's offer and jobbed nearly four million dollars of the notes at 96½. It paid for the advertising and other expenses, with a few pennies left over.

Well, sir, Humphreys, Donahue & Co. had the experience and the organization needed. The first thing they did was to put up the price of the notes, which we couldn't sell at 98 to 99½. Everybody knew then that there was a big demand for those notes. Not to prolong the agony, I'll say that in less than a week they had sold every one of the notes at an average price of 99½. Clarence told me all about it. He did not gloat, for he was and is one of my best friends. He simply answered questions I put to him.

Of course Joe Williamson and I discussed every phase and angle of that deal. Here was the firm of young brokers that had paid me the compliment of inviting me to join them as partner, taking over

from us notes we couldn't dispose of and promptly selling them at a point and a half higher than we had offered them to the public. The ease with which they succeeded where we failed was due to organization. That impelled both Joe and me to think how we might build up the distributing end of our business. We decided that we ought to do it.

One way to increase your facilities for distributing securities is by getting more customers—that is, more clients to take your advice. And one way to increase the number of customers is by having more branch offices. We began to study that question.

We weren't ready to open branch offices in all the big cities, but the essential was to get customers. It did not matter whether they were our customers or another broker's. Therefore if we wanted customers and were not quite ready to open branches of our own we ought to get wire accounts. So Joe Williamson and I decided to go after the latter even while we kept on trying to develop our regular stock business. Business was business and we wanted all we could get—good, clean business, understood. We had the equipment now and the will, and the wire business would help carry our overhead since it would pay from the start.

If or when Joe Williamson and I heard of some firm of out-of-town brokers that had given up its New York correspondents and was looking for some one to do its business on the New York Exchange he or I would hop aboard a train and go after the account. A friend who was vice president of a bank we did business with and knew what we were after advised me to go to Cincinnati and see Loring & Gibson, who were looking for a New York con-

nection. I made four trips before I got them to put in a wire to our office. A broker on the floor told Joe Williamson about Robertson & Co. of Richmond, Virginia, who had done business for years with Pruyn Brothers, and now the Pruyns were retiring from the Street. Joe Williamson went down and got them. He made five trips to Washington before he landed Shipman, Brown & Co. All these firms were members of the New York Stock Exchange and simply needed a firm to execute their orders and clear for them. We worked very hard and succeeded in developing quite a nice wire business.

We had in mind the future growth of our firm. I knew it was my life work, and Joe Williamson was as keen as I about preparing for the busy days we both were sure were bound to come. Possibly we did not have in sight a specific target to aim at, but we certainly planned for the future. Some day we would do our own promoting, our own underwriting. We did not propose to turn over to other houses the profits on business we should have been able to handle, as we did with the Eastchester six per cent notes that we sold to Humphreys, Donahue & Co. We needed customers, clients, a body of buyers who would take Bronson & Barnes' advice as to investments as well as to purchases of stocks.

It would take too long to give you the details of how we secured all our wire accounts, but I certainly should like to tell you about two of them.

The first was in Baltimore. Please don't be annoyed if I again drag in poor old Harvard, but as I told you at the very outset of these reminiscences,

my college friendships have been responsible for a great deal of my business.

A chap named Dan Carrington, of Baltimore, was in my class, and we were pretty good friends. Dan was the only son of C. C. Carrington, who made a whopping big fortune in the hide-and-leather export business and later trebled it in real estate. When he died he left Dan an estate valued at over eighteen million dollars. A great deal of it was in cash by reason of Mr. Carrington's shrewdness in disposing of large holdings of property at the top of the boom, a short time before his death.

Dan Carrington, sole heir to the Carrington millions, was a normal healthy chap, fond of a good time and very popular with all classes. He was the first fellow in the class to get married—on the night of Commencement Day. He went abroad for his honeymoon, which lasted about a year, and then returned to Baltimore to have a good time on his stock farm somewhere in Maryland. He raised Kerry cows or Durham bulls, I forget which. But he used to win lots of first prizes. He also won the class cup for the first baby.

In the way of business Dan didn't have much to do. His father handled it all because he enjoyed doing it. It seemed to consist of waiting for the price to reach a certain figure and then selling a million or two of choice real estate.

When C. C. Carrington died, Dan found himself in possession of an eighteen-million-dollar estate and two sons. He thought about what he ought to do about the sons a great deal more than about the estate. It was a more important problem and more difficult to solve. As a result of his meditations he

reached the conclusion that it was less his duty to leave his sons money to spend than to leave them a business to work at, something useful to be busy with. In picking out a business for his sons to go into twenty years later, he came to the conclusion that his best play would be to pick out the business of investment banker. He devoted considerable time to studying it and finally Dan, who had two infant sons to provide for, founded the banking firm of D. N. Carrington & Co. He bought a membership on the New York Stock Exchange and set about building up his business as though his bread and butter depended upon it. He made a success of it, for he had plenty of sense and plenty of dollars and his chief aim was to leave his sons a business of which they would be proud and therefore would be glad to work in when they were old enough. I've often thought of Dan's motive as being typically American in the best possible sense—to make of his sons useful members of society, good citizens, business men who would be more concerned over accomplishing something worth while than over merely increasing a large fortune. He did not have to work; neither did his sons. But work was what he would do for their sake and what they would do after him for the sake of their sons—who also would not have to work unless their fathers did their duty toward society.

Well, I went to see Dan. He was mighty glad to see me and we lost no time in doing the usual thing—talking about Harvard and living over the days in which we had a joint account. Then we talked about our life since leaving Cambridge. I dined at his house that night, and the next day we

motored to his stock farm with the children, and we certainly had a good time.

He told me his business had been growing so much that he was thinking of putting a wire into some good broker in New York and that he had written to his friend Richardson, the first vice president of the National Bank of the Metropolis, asking him to recommend a good firm.

"Is that so?" I said.

"Yes. I got the answer this morning," he told me.

"You didn't have to write to Richardson," I told him. "I could have given you the name you wanted."

"Richardson sent me three names," he said, as impressively as though he were considering which surgeon to select.

"Bronson & Barnes is enough," I said.

"Well, Jack," he said unsmilingly, "I shouldn't be at all surprised if you were right, because Richardson mentioned you first, and then two others."

He looked so serious that I laughed in his face. You see, everything that related to the business was of tremendous consequence to this man who was building for his boys. We shook hands and I got the account, and it has grown because Dan does a big business in both stocks and bonds. He is such a fine high-minded man, and so sound and sensible, that he is greatly liked and respected in his home city.

On my way back to New York I stopped over at Philadelphia because I wanted to see another classmate, another multimillionaire's only son—Bob Wyatt. Bob's father was so well known that Bob couldn't go anywhere without being pointed out as

Robert Wyatt, Jr.; whereupon everybody began to talk of Robert Wyatt, Sr. People would stare at Bob and even stand up in a dining room to see how a famous man's son ate oysters. Bob's father was a director in something like a hundred corporations, which made him known to bankers. He went in for chrysanthemums, which made him interesting to really intelligent people. He had the best collection of chrysanthemums in the world. The Emperor of Japan had decorated him three times—that is, every time Mr. Wyatt sent him a collection of new and beautiful varieties.

Bob did not care to go into coal or steel or railroads or gas, in which his father was interested to the extent of some thirty millions. Bob had had a fondness for figures and his analytical mind took pleasure in determining values. He took to the study of securities as a duck takes to water. Within a year of his father's death, which had made him the richest young bachelor in America, Bob decided to go into the banking-and-brokerage business. He bought seats on the Philadelphia and New York Stock Exchanges and founded the firm of Robert Wyatt & Co. Not for him the idle life.

I telephoned him from the Broad Street Station and asked him if he was busy. He answered, "You are just in time for luncheon. Come right over."

I did, and he took me to his favorite club for a very nice luncheon.

I had seen him at reunions and at the football games, and it was always a pleasure to forgather and talk. He knew all about me and I knew all about him. He was Bob to me and I was Jack to him, as we had been ever since our freshman year.

Ours was a friendship that after a decade was as disinterested as at the beginning.

I went back to Bob's office with him and just before I was ready to leave him I said, "Bob, I'd like to have you put a wire into our New York office and give us some of your business."

"Well, Jack," he said, "I've got a wire with a house down there. But, you know, we don't do a great deal of that sort of business. It doesn't amount to much."

Bob is a fine fellow and I am very fond of him. I felt sure that he would make a great success of his business. I did not see how he could fail. He had the brains, the capital, the connections and the will to succeed. His was the constructive type, the same kind of capitalist that his father was, possessing an abundance of vision, courage and perseverance and the faculty of keeping his feet on the floor. It was good business to do business with such a man, and it is a pleasure to be associated with a chap of whom you have always been very fond.

So I said to him, "Look here, Bob, I'll tell you what I'll do. If you will let us put in a wire we'll leave it there a year and I shan't ever ask you for any business. If, at the end of the year, you find we do not give you good service, we'll take out the wire and on the day we do that you and I will lunch together and nobody's feelings will be hurt."

"Jack, do you really mean that?" he asked me earnestly.

"Absolutely! I'll put it in writing if you wish. I really mean it," I assured him.

"Very well, then. Put in the wire!"

We did. To-day Bob has offices in every city in

Pennsylvania of 100,000 inhabitants or over. All the stock business of all those branches we do. Moreover, his firm has an office in New York which handles the bond-investment business; but the stock business we are still doing. He and Dan Carrington come to New York quite often on business, and they always drop in to see me. They have the run of our office. They feel at home there. They walk into our cages as though they were in their own offices, and look at their accounts. They know our clerks as well as they know their own, and call lots of them by their first names. The personal relations between us have never changed and I can tell you that I know no greater pleasure than to do business with such friends. I often congratulate myself on being privileged to do so.

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You cannot dramatize the day-by-day growth of your business. The best you can do will be to squeeze a few situations out of your commercial career. From the day I arrived in New York I worked hard to get business for Bronson & Barnes. After I was taken in as partner I worked just as hard to get still more business, and a little harder to keep what I'd gotten. The desire for permanence became keener. The hope of success took on a more intimate quality, a more insistently personal note. I ran the office while Joe Williamson took care of the board end of the business. For a period of seven years or more I signed all the stock certificates, until the volume of business compelled us to give power of attorney to some of the boys in the office. I never went to luncheon until after three. I did a great deal of routine work and attended to details which I should have had the sense to pass on to some of the clerks. I answered the telephone every other minute. After I lunched I went after orders. Seeking new business was my job first, last and all the time. And, fully aware that I deserve blame rather than praise, I'll confess that for ten years I did not in any one year take more than ten days off from my work. In 1914, when the Stock Exchange closed, I had my first long vacation. There wasn't anything else to do.

We did pretty well. Williamson and I kept every customer we got. It always has been a point of

honor with Bronson & Barnes to keep their customers. We always have discouraged overtrading. An overextended customer has too light a grasp of his capital. To protect ourselves we must first protect the customer. By our insistence on adequate margin we had few customers to sell out during slumps, which were frequent and severe in those days.

People do business with a stockbroker because they like him personally or because they trust him or because they believe in his competence, which is to say, because they get their money's worth. A normal man will always wish to do business if or when there are both pleasure and profit in doing it. The outsider who wishes to buy one hundred shares of United States Steel can find dozens of brokers' offices where he may buy it equally well. That is, there is no need to stress efficiency in buying or selling one hundred shares of Steel; any one can do it. But the purchase or the sale of one hundred thousand shares is another matter. It gives you something to think about. Where a stockbroker's everyday efficiency comes in is in the absence of slipshod methods in the office. The customer must be kept from getting overloaded. Statements must be rendered promptly and accurately. There must be always enough clerks to do the work of the office. In other words, the organization, the machinery for doing the work, must be adequate, and the machinist must know his trade. The broker who looks only at the immediate profit is an ass. When he realizes that his success depends upon having successful customers, he is wise. The most irritating thing in the world to me is to come in contact with fellow brokers

who look on commissions as the chief thing to strive for, on the theory that new customers must constantly take the place of old ones, like the subscription lists of the juvenile periodicals, that are entirely changed about every three years, because the readers grow up. And the next worst thing is to hear outsiders talk about the things they think all stockbrokers do to induce their customers to trade early and often—that is, to swell commissions.

When the period of deflation came a few years ago there were no cancellations of contracts from stockbrokers. The cancellations came from all other classes of business men—from merchants, manufacturers and jobbers, from everywhere except Wall Street. It was in most cases plain dishonesty. That deflation process must always be considered a disreputable chapter in the history of American commerce. But nobody called the welshers crooks. If Wall Street ever did anything one-half so dishonest our indignant fellow citizens would probably burn down the Stock Exchange.

As I said, Williamson and I kept at it and our business grew. It was a plain humdrum business. We were on the job and gave good service. I did not see anything very dramatic about it then and I don't now. People have been led to think of Wall Street as a bloody battlefield where dollars take the place of bullets and the wounds bleed gold. The public's favorite picture of stockbrokers at their trade seems to be that of an abattoir that makes a specialty of lambs. In the Wall Street of fiction brothers are arrayed against brothers and there are no restrictions upon the forms of financial assassination: Victory at any cost. The ruthless but profit-

able slaughter of thousands of innocents by the interests—the mysterious "They" who form the satanic general staff of Wall Street—is a favorite theme. I remember a famous dramatist's device to show the utter callousness of frenzied stock gamblers—a ruined trader dying suddenly in a broker's office. He collapses by the ticker as he reads his doom on the tape. The other gambler—the winner—in his haste to get to the tape to see how many millions he has made, pushes the corpse aside with his foot. Pretty false stuff, that, but it went. It was so dramatic! That was years ago, but the public still believes that sort of thing.

Every time I discuss the drama of Wall Street with Wall Street men I hear chiefly statistics of the havoc wrought by panics. Such damage as a matter of fact is akin to the damage wrought by a tornado. Really dramatic moments in stockbrokers' offices are few and far between. There are eleven hundred members of the Stock Exchange, and most of them have offices that do business from ten to three on weekdays and from ten to twelve on Saturdays year in and year out. This would mean a great many moments—thousands upon thousands of moments in the course of a year; but mighty few of these moments are dramatic. My fellow brokers tell me corroborative stories that are not at all interesting. For the most part they dwell on unexpected losses or gains; say, in the panic of May 9, 1901, which for the violence and extent of the declines was unprecedented. That panic came after a tremendous boom and the public was overloaded with stocks to a degree that had never been equaled in our history up to that time. A break was due. It was precipi-

tated rather than caused by the corner in Northern Pacific, which followed the buying for control by the two leading banking houses of the United States. The stock, of which many speculators were short, sold as high as one thousand dollars a share while the rest of the list broke from twenty to fifty points or more, good stocks and bad alike suffering. In such a market all manner of unusual incidents were bound to happen, though, after all, the sudden loss of a gambler's stake is no more dramatic in Wall Street than in Monte Carlo or Palm Beach or Aix-les-Bains.

I have always held that nothing in or about the stock market could compare with the romance of our railroads, the locating and building of any of our big systems. The star customer of one of the largest commission houses in Wall Street once said to the head of the firm in my hearing:

"You professional Wall Street men who feed on ticker tape are forever harping on the losses and profits. You seem to think that if only these are large enough or unexpected enough they must perforce be dramatic. You even turn near-losses into tragedies. The vanishing of paper profits you broker-dramatists raise to the dignity of legitimately blasted hopes. Your favorite curtain is usually wet with utterly unnecessary tears. I've got so that if I call the turn in the market I instantly think in terms of high comedy. When I lose I promptly perceive a moral lesson or another warning to lead a brokerless life unless I wish to remain a customer to the end of my days.

"I've been in Wall Street many years; I mean, of course, trading in brokers' offices. So far as I

can remember I've seen but one genuinely dramatic thing. I've been through three booms and nine panics and have known hundreds of brokers and customers, so my facilities for obtaining free theater tickets down here have been as good as the next man's.

"The episode I have in mind occurred on February 1, 1917. The German unrestricted-submarine warfare note was made public after the close of the market, January 31st. The next morning before ten there wasn't a broker's office in the United States that was not wondering fearfully just what the market would do that day. That there would be a break went without saying. Bulls and bears and neutrals all agreed on that; but the extent of the break was all that was left to guess at. Of course it would be pretty bad.

"I was trading in the office of Sheldon, Pratt & Co. It so happened that I wasn't long or short of anything. It wasn't due to my brains that I owed that happy condition, but to luck. I had decided to go South for a rest, and I never take the stock ticker along with me. I had closed out all my deals. However, knowing that it would be a great day on the Stock Exchange, I went downtown and got to John Sheldon's office before the opening, full of a natural curiosity, but also hoping I might do something useful for my heirs.

"In less than five minutes I saw that everybody in the office was long of something or other. I couldn't help knowing it; the customers' faces megaphoned it. Of course I didn't keep your books, so I couldn't give the harrowing statistics of every account in the office. But I found out, without

trying, that Russell Salmon had five thousand bales of May cotton and one thousand shares of Bethlehem Steel, which had sold as high as 422 on the day before. He asked my opinion as to what would happen. I couldn't pronounce a sentence of death on a friend of mine of whom I was as fond as I was of Russell. So I shook his hand in silence. But that wasn't enough. He had been stunned by the awful silence of his fears all night long and now in the light of day he passionately craved vocal sounds.

"I could not think of verbal sedatives, but knowing the danger of even appearing to share his misgivings I frowned as angrily as I could. Then I said, gruffly, 'Don't be a jackass!'

" 'Aw!' he said disgustedly.

" 'It can't possibly be as bad as your nerves lead you to fear,' I assured him.

" 'You are the jackass,' he said, and turned his back on me. He had been too miserable too long to find any comfort in my way of comforting him.

" 'What'll you bet?' I said. But he turned, gave me one murderous look, and again permitted me to study a spot on his coat between the shoulder blades. I thereupon began to figure what he stood to lose on his May cotton and his Bethlehem Steel. I thought, having been infected with his pessimism, that cotton might go off one hundred points, possibly two hundred. And Bethlehem might break twenty or thirty points. Russell wasn't a multimillionaire and the slump was going to pinch him. He had been a picturesque cusser, with an amusing habit of stammering at the top of his voice

when he was excited. I was going to keep my eyes on him.

"The air was full of suspense. You were made aware of it as definitely as if a colored searchlight had been turned on. You heard—or thought you heard—appropriate low music played by one of those ghost orchestras that you both hear and don't hear at one and the same time. I don't think I am particularly imaginative, but I thought of all these things. I have a sort of theory that intense emotions start psychic emanations from humans and you feel your own heartstrings vibrate in sympathy with the vibrations in others. When a thousand people are attuned that way, all sorts of curious things can happen. Of all the phenomena of mob psychology, that is the most curious to me; and it isn't merely the contagion of example or some manifestation of the herd instinct either. I remember the same thing in the café of the Waldorf on the night of May 8, 1901, the eve of the Northern Pacific panic.

"In John Sheldon's customers' room were forty or fifty men full of the same fear. The cause of that fear was one. The psychic vibrations were therefore all alike. I tell you, the effluvia from all those quaking souls got into my system. Presently I had but one thought—to duck. I didn't know what, but it was coming. I all but held up my arm to ward it off every time somebody said something in a husky voice. I guess all throats were dry there.

"Ten o'clock! The ticker began to click in that inhuman way it has at times, so different from the tinkle of it when things are going your way. That's no phrase. Why, I've known men to guess

ten times out of ten whether the market was weak or strong by the sound of the ticker. It now made me realize gratefully that it wasn't my funeral. It made a change. I no longer shared the common fear. I was a spectator. I therefore looked expectantly at Russell to see what he'd do. How would he take that ruthless surgery—the parting of a man from his savings? Financial phlebotomy, they used to call it. But it is more than mere bleeding.

"Russell was facing the quotation board. The ticker had clicked off a half dozen quotations before he took a long deep breath. Then the breath went out in one prodigious sigh.

"He still had not looked at the quotations. His eyes were following instead the feet of the red-headed board boy. There were two board boys there, but the red-headed one was nearer to Russell. I could hear loud breathing from the customers who were seated near me. From the groups by the ticker came a jumble of voices and fragments of oaths. Clerks darted in and out of the room. If one of them spoke to a customer it was in a hurried whisper, as though he had a lot to say before a customer breathed his last. I never saw so many tortured faces in such a small space as were crowded into John Sheldon's office that morning. I noticed also that the grimaces all suggested copies of the same original. It was only after I noticed the family resemblance of all those lips that I realized the why of it. These were brokers' customers and they were all hurt and all were trying to bluff it out facially. The same thought, the same pain, the same vanity, the same grimace!

"Suddenly Russell turned toward me. I thought he was going to speak. He opened his mouth. Then he closed it. Then he shook his head. On his face I saw perplexity—a sort of agonized indecision, the kind you would expect of a man who, having made up his mind to die by his own hand, can not decide between drowning and jumping from the nineteenth story. Then he turned away and again faced the quotation board. From time to time he shook his lowered head. He was, quite obviously, saying 'No!' to himself.

"I couldn't make out his reason for so much head shaking. He was still looking at the red-headed board boy's feet. Suddenly it came to me that all that Russell Salmon was carrying in this office was his five thousand May cotton and his one thousand Bethlehem Steel. Both were bound to be among the hardest hit of all on that board. The cotton quotations were on the extreme left of the blackboard, and the Bethlehem Steel on the right, near the stock ticker.

"Poor Russell, knowing a mortal blow would come from either, did not know at which epitaph to look first!

"As a matter of fact May cotton showed a break in the price of five hundred and sixteen points over the previous day, or a difference to him of one hundred and twenty-five thousand dollars. Bethlehem Steel, which had sold at 422 on the day before, dropped as low as 363. This break of fifty-nine points amounted to a fifty-nine thousand dollar loss. The total reduction in Russell's bank acccount was under two hundred thousand dollars, but he had worked himself into a state of semiparalysis. Fear!

"'My God!' came from a man near the stock ticker, and Russell Salmon winced, as if somebody had touched him lightly with a red-hot iron.

"I took pity on poor Russell. The suspense, I knew, was worse than the reality, so I called out aloud first the quotation on cotton and next the last on Bethlehem Steel. Russell drew in a whole balloonful of air in a series of spasmodic gasps and then let out the grandfather of all the sighs. It was as if his very soul had deflated. He turned toward me, attracted by my voice, and I perceived that he did not see me. Whereupon I said, 'They'll rally!'

"'They'll rally!' he repeated, dutifully, as though I had commanded him to believe it and he had obeyed. He faced the quotation board bravely now and he read aloud, 'Utah Copper, 98⅝! Jimmy!'

"And he nodded toward James Burns, who was long of a big block of it. It was only down twelve points or so. Russell's indecision as to which side to look for death is the only dramatic thing I have ever seen in Wall Street."

One day at a club uptown I was speaking about dramatic moments to Alexander Dana Noyes, the famous financial editor of the New York *Times*, whose experience in Wall Street is longer than mine. He smiled and told me this:

"Some years ago in London I was asked to recall the most dramatic incident that had come under my personal observation in my experience in Wall Street or anywhere else. After some thinking I decided in favor of the Grant & Ward failure in 1884. You remember the tremendous sensation it

caused all over the country. In the first place, it was what creditors call a bad failure. It precipitated a panic, involved a bank and bankers, it led to sensational disclosures and it dragged in General Grant, who was a special partner in the firm. The Grant of Grant & Ward was the General's son, Ulysses S. Grant, Jr.

"General Grant was then the most widely known of living Americans. As commander in chief of the armies of the United States at the close of the Civil War, as President of the United States for two terms, his place was high in the public regard. His political opponents found faults, but the great majority of his fellow citizens chiefly remembered his great services to his country.

"When the news of the failure came I was sent down to Wall Street to cover it. It was first-page news for the double reason that it was a very bad failure and because of General Grant's connection with the firm.

"When I got to Grant & Ward's office I found it full of people—customers, creditors, brokers and others, and all were intent on learning as quickly as possible just where they stood. There was much excitement and loud talking and breathless running in and out of clerks and messengers.

"I tried to get past an employee who barred the way to the inner office where I assumed the partners and the assignee and their lawyers were conferring. At my back pressed the clamoring creditors. I could hear bitter comments about the failure and the vocal sounds usual on such occasions.

"Suddenly the noise ceased. The silence came so abruptly, so unexpectedly, that it shocked me far

more than an explosion would have done. I turned, half alarmed, just in time to see that excited crowd give way and make a passage. A short, heavily built man walked through, looking neither to right nor to left. He spoke to no one. I doubt whether any man in that mob had ever spoken to him. But we all knew who it was.

"As he walked through the silenced crowd every hat came off. The personal grievance of every creditor vanished before the infinitely greater tragedy of Ulysses S. Grant. The man who had said: 'No other terms than unconditional surrender . . . can be accepted,' the magnanimous victor of Appomattox, the twice-elected President of the United States, the private citizen whose trip around the world was an unprecedented triumphant journey, was beyond question the chief sufferer from the collapse of Grant & Ward. The spontaneous tribute of instant silence, the baring of heads, the obviously deep sympathy of that mob of angry creditors was by all odds the most dramatic incident that I can recall."

Mr. Noyes' narrative impressed me far more deeply than the stock stories of my fellow brokers. That was indeed drama! I happened to tell Mr. Noyes' story the next day in my office in the hearing of Peter Bennett, the dean of the Wall Street reporters. He also remembered the failure. He said:

"Grant & Ward's office was in 98 Broadway. I remember my chief got the tip that the firm was about to go under. It didn't come as an accomplished fact, but as an imminent likelihood. As I recall it, we heard that Ferdy Ward had been told

to pay off some loans and he had given checks on his complaisant banker, but there was some question whether the bank would honor the checks or not. The firm was about due to fail anyhow.

"I ran over to their office. Prompt as I was, there were many there before me. I walked in and asked some of the crowd what had happened. Nobody knew, so I went on toward the private office. Just then Buck Grant, the General's son, came out. I knew him pretty well and he knew me. Of course the moment he saw me he knew why I was there. I suppose my eyes asked him questions, for he nodded. I approached him, pushing my way through the crowd, and he came toward me. Before I could ask for details he made a remark I have never forgotten. On that day of days he said to me, the first newspaper reporter he saw, 'I guess I'll have to go to work now!'

"Of all the sensational details of that historic failure, that one remark sticks in my memory. Why shouldn't it?"

One of my most intimate friends told me of an experience of his on that day of real tragedy when some unknown and still uncaught fiend tried to blow up the Morgan Building. The pavement for nearly a block was red with blood.

"When the bomb exploded before the Assay Office," he said, "I was coming up New Street, from Beaver. I guessed that the thing had happened in the Stock Exchange's excavation for its new extension on Wall Street, and I broke into a run to get there early. At the Exchange Place corner I met a broker running away from the Exchange. He was

hatless, wild-eyed, blue-lipped, terror-stricken. I grabbed his arm.

" 'What is it?' I demanded, and I was conscious that some one else had stopped at my elbow and was waiting to hear.

" 'I don't know!' answered the broker dully. He was badly shaken. 'It's hell in there!'

" 'Do you mean on the floor?'

" 'Yes! They're all cut and bleeding! God knows how many of them are dead!'

" 'My God!' said the stranger, boring in between us and pushing his face close to my friend's. 'My God, that's awful! Did you notice what was the last Baldwin?' "

He told me that story to convince me that there were great dramatic possibilities in the persistence of the ruling passion. I believe his story in every particular, for if there is a place where history is fond of repeating itself it is in Wall Street. I could not help recalling some verses written by my brilliant friend, the late Charles Henry Webb, a day or two after Norcross, in trying to make Russell Sage give up some cash, nearly made Uncle Russell give up the ghost instead. These are the verses:

A JAR AT THE GATES

The bomb was thrown, the ceiling rent;
High to heaven the broker went.

Through lucent gates a glory shone.
The broker knocked—faint, speechless, blown.

When they responded to his call
He asked St. Peter: "How's St. Paul?"

For all my insistence upon the scarcity of dramatic moments in a broker's business, I would not have you think that the life is devoid of excitement. My objection is to the difference between the Wall Street of fact and the Wall Street of fiction. Losses are always disagreeable, but they are not necessarily dramatic. Moreover, you always hear about the customers' losses, but you never hear about the brokers' losses. You never fail to be told about brokers who ruthlessly close out customers when margins are near exhaustion, but never about brokers who stake customers who have lost everything. This is not always prompted by motives of mere commercial expediency, nor by remorse, but by a genuine desire to afford the moneyless friend an opportunity to come back. A broker does not run his business on sentiment any more than a retail shoe merchant does or a junk dealer or a furniture factory; but for some reason more unbusinesslike forbearance is expected of him, as though it were his fault that customers go broke. I personally know of hundreds of cases where brokers have carried customers along without margin for a time so as to give them a chance to get back. No end of big traders have gone broke and have been able to recover their fortunes because of their brokers' generosity. I gather from what my fellow brokers tell me that for the most part the carrying of a customer that way has usually resulted in additional losses for the broker. A man may have given a firm fifty or a hundred thousand dollars a year in commissions and it is only natural that the beneficiary should permit himself unbusinesslike actions. But the fact that you have been a profitable customer of some cloth-

ing jobber does not win you especial consideration from that jobber if you are flat broke.

And then, a broker, it seems to me, is a favorite mark for swindlers of all kinds. In our own case we have been victimized several times. Not all the attempts were successful. Somewhere Edgar Allan Poe says: "It may well be doubted whether human ingenuity can construct an enigma which human ingenuity may not, by proper application, resolve." It seems to me that no man intent on keeping what belongs to him can devise a system for protecting his possessions which will not be found vulnerable by some other man, intent on getting what does not belong to him. In other words, it is well-nigh impossible for a business house to exercise such care as will keep it from being the occasional victim of ingenious crooks. Sometimes the attempt is made by outsiders. Quite often it is an inside job. An employee may be honest for years and then go wrong. How can you guard against that?

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I am going to tell a few instances—true stories, every one—of losses by brokers. If I don't tell the most ingenious it is because crooks are always on the look-out for successful plans, and not only imitate them but modify them to meet new conditions or change certain details that make detection more difficult. One great trouble with us brokers is that we necessarily do business only with people that we think are reliable. All that any crook has to do in any business is to establish credit, and then he can easily swindle the very men who are trying to help him do business.

A woman went into our Chicago office. She had with her a letter of introduction from the Steenth National Bank of Pontiac, Michigan. That wasn't the town, but it will do. The letter stated that she had been a good depositor with them. She opened an account with us. There was no reason why we shouldn't have taken it. She gave us a check on her bank, and if the bank of her home town knew her, who were we to question her? She was a quiet, businesslike person who seemed to know what to do in a broker's office. She didn't talk much and didn't volunteer any information about the source of her tips. From time to time she dealt in securities in our Chicago office. Usually these were Curb stocks, but as she always paid cash for the securities she bought and always delivered the securities she sold, there wasn't anything suspicious about her. Not once did she fail to do the proper thing. She soon

became one of many customers for whom we had done business and whom we always had found reliable.

Not so long afterwards a highly speculative mining stock—Bolivar Gold—became quite active on the Curb—in New York, of course—and it rose to eighty cents a share. One day—it was on a Saturday in November. I remember the date because I had gone to New Haven to see the Yale-Harvard football game—that woman, Mrs. Baker, called at our Chicago office and asked for a quotation on Bolivar Gold. When she got it—eighty cents a share—she gave the manager an order to sell ten thousand shares. She had given us such orders several times and the stock had always been forthcoming. So the manager accepted her order and we executed it. We sold ten thousand shares at eighty cents a share. Of course Mrs. Baker told our Chicago man that she would send him the certificates the same day. It was on a Saturday, remember; that is, the market closed at noon instead of at 3.00 P.M.

On Monday morning I was informed that our Chicago office had sold for a client ten thousand shares of Bolivar Gold at eighty cents on Saturday and had notified us that they would ship the certificates that same day. Well, when I found out that the certificates had not arrived I wired to know whether they had been shipped, and heard that they had not and the manager at that very moment was trying to find Mrs. Baker.

Bolivar Gold was very active that Monday and the price went up to one dollar and fifty cents a share.

Our Chicago manager called up the hotel and learned that Mrs. Baker had checked out Saturday forenoon. She had gone home to Pontiac. He tried to get her on the telephone, but the operator reported that no person by that name could be located anywhere in Pontiac. The bank didn't know where she was. All they knew was that she was not at home.

The manager hopped on a train and went to Pontiac. There he soon learned that Mrs. Baker had decamped, taking all her belongings with her. There we were: No customer, no stock certificates, nothing, except a certain amount of surprise that a bank should so recklessly vouch for a woman of whom, it now developed, they really knew nothing.

We got the report of all this from our Chicago manager on Tuesday. The stock by that time was selling at two dollars and fifty cents and we were getting notices from Curb brokers to the effect that if we did not immediately deliver the stock we had sold them on Saturday at eighty cents a share they would buy us in and make us pay the difference. We told them we were busily engaged in trying to get that selfsame stock for them.

On Wednesday, Bolivar Gold rose to four dollars a share. By that time we had notified the police, we had put a detective agency on Mrs. Baker's trail, and we had begun to suspect that we might be the victims of a simple but ingenious plot to part us from a few thousand dollars.

In those days the Curb market was out in the open Street, and it was an irresponsible body—totally different from what it is to-day. There were all kinds of so-called brokers in it. Anybody could

trade there. The brokers to whom we had sold Mrs. Baker's stock were clamoring now for the undelivered certificates. They wanted them at once or there would be the dickens to pay, and all that sort of thing. By that time the transaction showed us a loss of forty thousand dollars, but by that time also we had learned enough to convince us that we were dealing with crooks. Mrs. Baker had got us to sell the stock and then the gang put up the price in New York. Bronson & Barnes were thus short of that stock and as a reputable firm, jealous of its reputation, the gang obviously reasoned, we would settle in cash. After all, the amount involved wasn't so very large.

Well, I went over to the headquarters of the Curb and asked to have all the brokers to whom we had sold Bolivar Gold at eighty cents a share on Saturday called in. When they came I told them we had evidence that we were the victims of a plot to which knowingly or unknowingly they were lending their aid. The recent jacking up of the price was plainly designed to make us settle. We were receiving telegrams from all parts of the country from various dealers, offering to buy Bolivar Gold at prices above the market. But all that didn't frighten me. I did not propose to settle and told them I'd be delighted to have them take legal action to compel us to. I said I was on my way to the district attorney's office, and Bronson & Barnes, I assured them, proposed to fight the matter to the end. No cash from Bronson & Barnes!

I went back to the office. The next day the price began to go down. It was not long before it was below eighty cents and we finally bought in the

stock for less than we had sold Mrs. Baker's non-existent ten thousand shares. Nobody sued us and we did not lose any money.

I'll tell you of another case, and that time we did lose money. It was not so unlike the other in the details. A man went into the Boston office and opened an account. He deposited five thousand dollars. He had references from a small country bank in Massachusetts. He traded in a desultory sort of way in U. S. Steel, Union Pacific and two or three other stocks. He made himself popular with the clerks, so that they got to know him. He became a regular customer, as a first step.

One day he came into the office here. We knew who he was and that he had an account with us in the Boston office. He gave us an order to buy two thousand shares of the Zuni Zinc Company, which was then selling for six dollars a share. He said he wanted us to send the stock over to Boston and that he would take it up when it got there. Of course before we executed the order we found out that he had a balance of five thousand dollars and there was no reason to suspect that he would not make good his promise to pay the amount due on the stock when it arrived in Boston. We thereupon bought the stock and shipped it to the Boston office.

The customer never showed up. They tried to find him, but they couldn't. After a day or two of unsuccessful searching we began to suspect that we were the victims of another fraud. This suspicion became a certainty when we began to sell the stock. The market for it had disappeared. We couldn't get rid of a share, and so we were out seven thousand dollars. Of course the alleged customer set

to work in an intelligent way. He got our confidence to the extent that made us willing to trust his word for a few thousand dollars. He displayed equally good sense in not trying to get too much. He paid us five thousand dollars and we paid his confederates twelve thousand dollars. He probably called it a fair exchange, we being brokers.

Not long thereafter, the selfsame trick was played on Smith, Matson & Co. They have, as you know, branches in all the principal cities and do a very large business. One of the crooks gave an order in Chicago to buy a certain Curb stock in New York, and when it was delivered in Chicago the customer was not to be found. But Smith, Matson & Co. were cleverer than we, and caught their man before he could get away. I don't know just how they happened to move quickly enough for that, but I do know that among the crook's effects they found a telegram from New York with the sterling advice: "Try Bronson & Barnes."

Of course it isn't only professional swindlers who are guilty of frauds on stockbrokers. There is a man who began by writing poetry for our best magazines. The verse business apparently wasn't booming, so he decided to become a broker. That was his second step. He probably studied the ground as carefully as he could and became a bond broker. Perhaps customers were hard to get or possibly he had made up his mind to live at the expense of the other brokers, for he developed a simple but ingenious system.

He had an office in Wall Street and the way he operated was this: He came into our office and bought five Liberty Bonds, which he took up and

paid for. A few days later he came in and bought three, and again he paid for them when we delivered them to him. The next week he bought seven and paid for them, and again nothing wrong. He did this same thing in other brokers' offices. He got so that he knew our bond trader pretty well, for he was a nice-spoken chap. One day the ex-poet bought four Liberty Bonds and left instructions to deliver them to his office. Four bonds isn't a very big delivery, so we sent a messenger with them. In payment for them the messenger received what he thought was two checks, but in reality it was one check and one draft. The draft looked exactly like a bank check. The check was on his bank for three thousand dollars and the draft was on himself for one thousand. The messenger knowing how much he was to get found the total amount correct, left the bonds, and came back with the check and the draft. We put them through our bank in the ordinary course of business. The check was paid, but when the bank presented the draft for payment the poetical bond dealer told the bank he couldn't pay it. The bank duly notified us, and of course our man went over to the alleged bond broker's office.

"What's the idea," asked our man, "giving us a good check for three thousand dollars and a bad draft for one thousand dollars?"

"Well," said the reformed poet, "you see, my bank balance is pretty low. I had some bonds coming from Charles Parker & Co. that I paid for, expecting to get a check due me from Healey & Fleming of Philadelphia that should have reached me before this. They are as good as gold, but there was some question as to the right of the executor of the

estate to sell those bonds and—well, to tell you the truth, I was ashamed to confess I didn't have a thousand dollars in the bank and the draft went unpaid. Please be patient. I'll give you something on this draft." And with that he began to take all the money he had in all his pockets, about one hundred and seven dollars, and he gave our man one hundred dollars in cash. He promised to pay the balance in a few days.

A few days later, nothing having come of the bond dealer's promise, our office manager went to see him, and got another tale of woe—same doleful but convincing story of hard luck, and we gave him more time. When we jogged him up again he came in almost in tears and left thirty-five dollars in cash with our man.

One day our manager happened to speak about the ex-poet to a friend of his who was employed in another brokerage house, and was surprised to learn that they had had the same experience. They then began an investigation and found out that there were at least two dozen firms to whom the broker-bard owed money. We learned that he had a habit of paying in driblets, sometimes in cash, or by small checks, and once by a telegraph money order sent from the Grand Central Station. But for all that, we figured that this follower of the Muses had gotten more than fifty thousand dollars from brokers in less than a year in amounts ranging from five hundred to three thousand dollars.

He honored only prosperous brokerage houses, firms that could afford to lose small sums of money without calling on heaven or the district attorney for help. It seems he took legal advice for every-

thing he did, and the small payments from time to time were clearly evidence of his good faith. The only man who got anything out of the poet was George N. Chambers. George doesn't take a year to act. The moment he heard the story of the man who used the draft that looked like a camouflaged check and wasn't paid when presented, he sent for him. The poet came and told his usual lachrymose story. George Chambers heard him, and when the poet finished, with the customary promise to pay in a few days, George told him: "You know damned well you are not going to pay and I know damned well I'm going to lick you." And he did, and then George charged off the seven hundred and fifty dollars.

The way the poet finally was stopped was because he did not follow his lawyer's advice. It seems a firm sent the bonds to the alleged dealer's office by a messenger boy who had gumption. The boy delivered the bonds to the poet and received a cashier's check and the usual draft on himself. But the boy said, "Nothing doing. You give me one certified check for the whole amount or else give me back the bonds, and then you come over to our office and get them."

The poet lost his head or else, in common with most crooks, needed the money so badly that he was reckless. At all events, he refused to give to the boy either the certified check or the bonds. This established the man's criminal intent, and with that the district attorney was able to bring him to trial and convict him. He is now in state's prison. I understand he has gone back to poesy.

I couldn't begin to tell you one-tenth of the stories

of frauds perpetrated on brokers since I came to New York. It is almost impossible to guard against a certain kind of swindle. For instance, not long ago an officer of the Sampson Steel Shoe Company, a manufacturing concern which has its securities listed on the New York Stock Exchange, left the employ of the company. He took with him several hundred thousand dollars of bonds—part of an issue which had been authorized but of which only two-thirds had been sold. The officer, whose former connection with the Sampson company was well known, had no trouble in selling the bonds through various reputable brokers. He was caught before he had sold all his stolen bonds because a clerk became suspicious. It had been a small issue, so this clerk checked up the serial numbers and telephoned to the company's treasurer, and the result was the ex-official was promptly arrested.

The frauds based on a similarity of names are frequent. They are usually made possible by the carelessness of the clerks. As a matter of fact, dishonest dealers are so few that brokers' employees assume there are none at all. One of my friends lost three thousand dollars not long ago. A customer gave them an order to sell one thousand shares of Conkling Mining Company, and they executed it. They received the certificates, but when they came to deliver them the buyer refused to accept them because they were shares of the Conkling Mining Corporation, which were absolutely worthless.

One of the best known of the Western wire houses had a bright, enterprising telephone boy on the floor. He was on the job all the time. In addition to his regular job he had brought in three or

four customers, and altogether the firm was well pleased with him. That youngster was on the way to success, and everybody said so.

There was no suspicion that this paragon board-room telephone boy could be guilty of anything crooked But one day one of the customers the boy had brought to the office came in and asked for a statement.

"I've only made a few trades, but I've always been accustomed to monthly statements from my brokers," he said.

"Why, we have sent you a statement at the end of each month," they told him.

"I never got them," he said. "That's funny, isn't it?"

They promised to look into the matter, and they did. And then they found out that the model telephone boy and a trusted order clerk had worked together. The telephone boy pretended to get orders by telephone from the office which he turned over to one of the firm's floor men to execute. These transactions he reported to his confederate, the trusted order clerk, who credited them to one of the customers the telephone boy had brought in. The telephone boy was on the watch and at the end of the month, when the statements were made out and were about to be mailed, he would go to the bookkeeping department and say that his friend, the customer, was out in front and would like his statement. Of course the bookkeeper would let him have it.

When the thing was discovered the account showed a loss of about four thousand dollars. Of course by this time the telephone boy and the order

clerk had skipped. The customer was raging mad. He claimed he had made only a couple of trades that month, and had a little profit instead of a loss. He asked that his account be closed out at once and he insisted upon being reimbursed. The firm had no proof that the man had given any orders to the boy by telephone, and the skipping of the two clerks was in his favor. But one of the partners asked him to wait a few days. They would try to get hold of the runaways. The customer said he didn't give a hang whether they ever caught the boys; he wanted his money right away. But the partner refused to give it to him before the end of the week.

The firm figured that the boys planned to trade at the firm's expense. If the trades had been successful they would have had the telephone-boy clerk draw out some cash for his friend "the customer, out in front," or else get a check for the profits and get it cashed somehow and skip. Well, they never caught the telephone boy, but the order clerk, who was merely a tool, walked in one morning and made a confession. It turned out that it was the customer who had planned the whole thing. He had agreed to share the profits, if there were any. If the trades showed losses, his intention was to let the firm stand these on the ground that he had not given any such orders. Nobody went to jail. The wire house did not want any notoriety. Now how can any firm protect itself against an inside job like that?

Another case was that of the manager of a seaside resort branch of Wyman & West. His method was to make use of dormant and inactive accounts. Some of the customers were stuck with stocks that

they hoped would some day go up and show them a profit. But until that time they simply hung on and hoped. The manager would go through all these accounts and draw down all excess margins for himself, redepositing it for the customers when margin calls went out. The firm lost a considerable amount through his crookedness. He had been a reliable employee of theirs for years. In the end he became entangled with a woman. Who, since Adam, has ever discovered protection against a man who meets the wrong woman?

A man was introduced by a customer to the manager of the Wilmington office of Curtis & Bell. This chap was a soft-spoken, pleasant-looking man who said he wished to open an account. He said he would like to trade there and intimated that he had pretty good information on certain stocks. He deposited forty-two hundred dollars with the firm and promised to be in with his good thing in a day or two. But he never did. He was not seen again at the office. Two weeks after he opened the account the manager of the office got a postal from him from some town in England.

The man showed up in the office about four weeks after the postal came, and explained that he had been summoned suddenly by cable by reason of his mother's illness. She had recovered, but, being old and not very strong, she had prevailed upon him to give up his business in the United States and return to England. She wanted him to be with her for the rest of her life, and he had agreed. He had come back to Wilmington to wind up his affairs. He had decided to sell all his American investments. He would put all his money into English securities

as long as he was not going to live in this country. He would close his account with Curtis & Bell, of course; but before he did so he would ask the firm to sell some railroad bonds he had which he would bring in. It was only fifteen thousand dollars. The manager told him to bring in the bonds, and the man left the office, promising to come back in a little while with the bonds. He wanted them sold and the cash turned over to him as soon as possible, as he wanted to go back at once to his aged mother.

It was a dull day and the manager, for no particular reason, except to prolong his chat with one of the partners at the New York end of the wire, mentioned the unimportant fact that he was going to send an order to sell fifteen thousand dollars' worth of those bonds in a few minutes. He had barely sent the message when the customer returned with the bonds. The manager sent the order to sell the bonds. Ordinarily the order would have been rushed to the floor without further ado, but it so happened that the partner who got the message suddenly remembered reading about a theft of some of these bonds. So he got the Wilmington manager to send the numbers of the bonds. Sure enough, they were the stolen bonds. The customer had opened an account there in order to have a broker through whom to dispose of the stolen securities, and it was only through sheer bad luck on his part that he got caught. He was wise enough to prepare a good plausible story. He wasn't taking any chances on losing any of his forty-two hundred dollars, and so he never made a trade. He was playing safe.

17

The crisis of 1907 was bad for everybody. We were no exception. The Street escaped by the narrowest of margins one of the worst panics of our financial history. In October call money, following the banking troubles, loaned as high as 125 per cent, but even at that rate there was practically none to be had. It got so bad that a premium was paid for cash money over bank deposits represented by checks. We resorted to clearing-house certificates, as you doubtless remember. It was the last of the old-fashioned, senseless, needless crashes, and I think it did a great deal to turn sentiment all over the country in favor of a more intelligent banking system.

Our firm's individual problem while the panic raged was to keep our heads and our solvency and try to get our customers to do likewise. After the panic the problem became: What shall we do to get business when there is no business to get?

We had done almost entirely a stock business. In our New York office our customers nearly to a man were stock traders. We had to find something to take the place of stock trading as an income producer.

Of course bonds naturally suggested themselves. If the public—our customers—didn't or wouldn't or couldn't trade in stocks we might develop a bond-buying clientele. To do this we must enlarge our sphere of influence. We must find, not alone

in New York and Boston but in various sections of the country, new customers, whom we might interest in bonds. And when the improvement in the stock market came, as it must some day, we would have those new bond customers to interest in stocks. Speculators and investors are always with us. They are to be found everywhere, but they are more abundant at certain times than at others. On the principle of rotation of crops, if no other, we must have one to fall back on when the other was not in evidence. In good times all speculation is called investment, and in bad times all investment is speculation. The average man admits that he has been speculating if he loses money. But if he wins he tells you he has been investing.

Friendly experts told us, out of the fullness of their experience, that no house could do both a stock and a bond business at once. The principal reason they gave us was that no house ever had done so. The bond business, as everybody knew, had always been in the hands of a few firms—all specialists—who had built up a special sort of clientele, like my friend Cramer's firm. I remembered our experience as bond merchandisers and did not relish the recollection of our failure, although the cause, as we saw it, was that we had not adapted our office machinery for the task. In the back of my head was always the thought that some day I should try it again—after properly preparing for it.

In the sense that no house has succeeded in synchronously being both a great bond and a great stock commission house, the friends were right. I also was willing to admit that a bond-selling busi-

ness and a stock-commission business were different. But I insisted that most stock traders were occasional buyers of bonds. All we had to do therefore was to approach them from a different angle.

You see, when it comes to stocks, all Stock Exchange houses transact their business on the Stock Exchange. Say that several brokers go to the same man and suggest the purchase of one hundred shares of United States Steel. Well, every one of those brokers must go to the same place to buy that same stock. They all charge the man the same commission and pay the same price at the same time. One broker may have more capital than another or be more careful in executions; but, in point of fact, so far as the customer is concerned, there is not much to choose between the various brokers who gets orders to execute for one hundred shares of any stock in which there is a free market.

When it comes to dealing in bonds the differences are many and important. Different houses handle different types of bonds. These bonds sell at different prices and the interest yields also differ. The customer has therefore to consider many things. The broker who makes a specialty of bonds must show far more originality in getting business—in getting the various issues of bonds to sell as well as in finding and persuading the buyers to whom to sell the issues—than a stockbroker need show in order to succeed. The bond business, by nature of the goods as well as on account of the selling points that must be stressed, is much more of a merchandising business than stocks. Of course the modern brokerage house must be equipped to handle any kind of business that has to do with the buying and

selling of all classes of securities. That is one reason why out-of-town connections are indispensable. We soon realized that we needed a separate organization for our bond business. To-day we physically separate our bond men from our stock men.

The history of my family is the history of American business. Westward the course of empire has gone its way, and business with it. My grandfather followed the pine tree. He started in Maine and then he went west to Pennsylvania. From Pennsylvania he went west to Michigan. My father followed the pine tree, and he also went west to California and Washington—always following the pine—buying trees. Where the tree was there the money was; and the tree was in the West.

Well, Bronson & Barnes did the same thing. They started with a little office in Boston—the two partners and an office boy. The business grew and they opened an office in New York. The business kept on growing because they had to expand in order to keep from shrinking. We figured that there was money for a stockbroker wherever there was much manufacturing; for instance, in all that section from Pittsburgh west to Chicago and Toledo and Detroit. Formerly all the manufacturing was done in New England. Then it traveled westward. To-day look at the manufacturer's plate or the label on any article and see where it is made. Our growth as a brokerage house has merely kept pace with the growth of our country.

When I first became a bond salesman no Eastern house dreamed of trying to sell bonds west of Pittsburgh. If you talked bonds to a Western customer

he was apt to edge away from you or else laugh at you for thinking he was gullible enough to fall for that kind of game. He classed you with green-goods venders or dealers in gold bricks. If he had money to invest he bought real estate or farm lands or mortgages or wheat or hogs. To-day he not only buys bonds and stocks, but Chicago is one of the greatest bond markets in the world.

In 1907 when the need of developing an investment business to offset the dullness of the speculative markets became vital to us, the president of one of Chicago's leading trust companies urged us to open an office there. He was an old friend of our senior partner. He offered us quarters in his building and strongly recommended one of his brightest young men for manager. He went so far as to tell us we could help ourselves to such of his clerks as we needed.

His suggestion came at exactly the right time and we took it. The Chicago office paid from the start. The first clerk we hired is to-day a valued partner and is still in charge of the office. Under his management there has never been a time, however dull the stock market may have been, when we didn't do better than break even. We are doing a very profitable business there now, I assure you.

In Detroit, where we opened an office shortly after Chicago, it came about in a different way. The old New York Stock Exchange firm of Simpson, Phillips & Co. failed, and the office manager and the customers' man of their Detroit branch found themselves not only without a job but anxious for an opportunity to do business. Simpson, Phillips & Co. were a highly speculative house

with a superabundance of superfluous branch offices and a very sporty clientele. They were famous for the lavish way in which they entertained their customers. In one of their uptown branches in New York City they occupied a suite in a famous hotel and they had a roof garden and ladies' rooms and all manner of luxuries and comforts.

The Detroit employees, however, were fine, decent chaps and great hustlers, and they were anxious to work under conditions that would appeal to a business man. They heard of our opening an office in Chicago and they immediately came to New York and urged us to open one in Detroit. We believed that Detroit had a great future as a manufacturing center and we decided to start there a little ahead of other brokerage houses. We investigated the two young men and we finally opened a branch office there in charge of the former employees of Simpson, Phillips & Co. They found that there was a difference between Bronson & Barnes and the high-flying firm they had worked for and they made a wonderful record, all the more to their credit since they had to overcome prejudice against brokerage houses. As Detroit developed its wealth grew, and so did the business of our branch there. To-day a dozen or more Stock Exchange houses have branches there.

We opened other branches in other cities or else we increased our wire connections. We were looking for more ground to cover. We wanted more customers, more people who should be served by Bronson & Barnes either directly or through other brokers who had wires into our New York or Boston office. I will cite as an example the case of a

young Harvard graduate who came to me to ask for a job in our office. He did so because there were so many Harvard men in our firm. I made a place for him and he developed into a very competent man. One day, when he had been with us two or three years, he came to me and told me that a friend of his had made him a proposition. It was to buy him a seat on the New York Stock Exchange, form a partnership and start an office in Hartford. He thought there was a good opening there. I advised the youngster to accept the offer and then hustle for business. He knew how we worked. Well, he formed a partnership with his friend and hustled. They have a wire with us and they do a fine business. They have the best people in their community for customers. Hard work, common sense, honesty and a good disposition were their chief assets. They were ample to insure success.

There we were, right after the panic of 1907, with a stagnant stock market and a number of new branch offices. We had more customers' names on our books and also a heavier overhead. We had to work harder than ever to do better than pay expenses. It was a terrible time for stockbrokers.

In October of that year money loaned as high as 125 per cent. In 1908 money loaned as low as ¾ of 1 per cent in August. That is all that you need to know to realize that it was a time for buying bonds and not stocks. When money rates go down bonds are bound to go up. When we saw call money offered at less than 1 per cent we felt comforted to think we had prepared for other than a stock-brokerage business.

We worked hard, of course, to develop the busi-

ness—new to us—of aggressively selling bonds. We hired bond salesmen for the first time. I mean, men who did nothing but spend their entire time outside of the office, trying to sell. We had two men working in New York. Before the end of the year we had three. I myself was on the job all the time. If I heard that a new issue was about to be brought out by one or another of the great banking houses, I hurried over to get a participation. I can't tell you how many syndicates we went into, but I don't think we missed any. It was a case of plain hustling. There was more sweat than thrills to my job, but we managed to do fairly well. Why shouldn't we, when all the partners worked from ten to fifteen hours a day?

As I told you before, selling bonds to the general public in those days, especially for a firm like ours, which was primarily a stock house, was no easy task. The salesmen we sent out were, in a measure, educators. As far as our house was concerned they were pioneers. We sought fresh customers everywhere. Our old customers we approached not in their capacity as stock traders but as investors. We had to teach them their new rôle. The selling points were different. We told our prospects what the security was—I mean, all that an investor ought to know in order to act intelligently; full particulars about the nature of the company's business, the earnings past and present, the expectations of the management and the reasons for these expectations, the degree of safety of the bonds, and other data. It was usually a case of selling five or ten bonds. After our man finished his speechifying he either gave the customers the

bonds and got a check for them or else he smiled and promised to call again with more bonds.

If the customer bought he took his bonds to his safe-deposit box and locked them up. He had no intention of selling them again. He had bought them to cut their coupons. The bonds themselves were for his heirs to rejoice at some distant day. It did not occur to that bond buyer to trade in bonds as he did in stocks.

To-day the bond salesman goes to a customer on Monday with a 6 per cent bond, and on Tuesday with a 7 per cent bond.

"You trade out your 6 per cents and take on these 7 per cent bonds," he says, and tells the customer why he advises the swap. And the customer thinks it over and figures a little and either shakes his head regretfully or gives us his old bonds and some cash to boot and we hand over to him his nice new bonds.

The old-time investor has disappeared. He has been succeeded by the speculator in bonds. The desire to buy new issues that shall be safe as to interest and in addition shall advance in price, has introduced a disturbing element in the trade. Of course the increase in the volume of business has been enormous. We do not make a specialty of bonds, but we think nothing of selling sixty or eighty million dollars a year. There are houses that sell hundreds of millions. A firm that both brings out and retails bond issues, does a business of nearly a hundred million dollars a month. Of course a house like J. P. Morgan & Co., that does only a wholesale business, does more than that.

We did pretty well back in 1908, always looking

forward to the improvement that was bound to come. I do not think that any American business man is entitled to any especial commendation for what you might call his commercial patriotism. The history of our country teaches us what to expect. We know that our expectations have always been exceeded. The most frequent mistake of American optimists has been in not being optimistic enough.

If 1908 wasn't a time for making a lot of money it was obviously what such a time always is and always will be in these United States—a time for improving and strengthening your money-making machinery, getting ready, as it were, for the next crop. I told you my work meant more sweat than thrills, but I assure you I found great pleasure in seeing the way our organization developed in methods as well as in personnel. We dismissed the incompetent or the detrimental and promoted the competent and the decent. We watched our boys as keenly and, I really think, as sympathetically as if they were our blood kin, for we always felt that the future partners and managers of Bronson & Barnes were there in our office working for a salary. Our partners, we are proud to say, have all come from our own ranks. We have never taken in a man because he brought capital into the firm but because of what we knew he had—the spirit, the ability, the knowledge, the loyalty—in short, the requirements for a partnership in Bronson & Barnes. Our help has never failed us. We attribute our success to the whole-hearted way in which everybody in our organization works for the common good, from the latest recruit to the senior partners.

We have neither shirkers nor whiners. All our heads of departments came in as boys just out of school or college and we are proud of them. It is good business to have such an organization. Also it makes the work pleasant.

Those of our clerks who wish to save money may leave on deposit with us as much of their salaries as they can spare. We allow them 7 per cent annual interest. This interest, however, is credited once a month so that it amounts to more than 7 per cent for the year. We have on deposit in our office to-day more than $160,000 of our clerks' money, all saved from salaries. They are really preferred creditors because they have no collateral and are not speculating in stocks but simply have left that money with us. It is good business for us, not as bankers but as employers. And we do more, for we give a bonus every year. They have to take their chances with the firm. That is, if we have a good year we give a good bonus. Some years we pay two or three. We have distributed as high as $600,000 in one year. Some years are better than others, but we never have had a year that we didn't divide something.

I have been instrumental, myself, in taking in as partners four men in our New York office and one in Chicago. And nothing has ever given me greater pleasure than to do this. Every business house should plan to grow with the country. We certainly did and we recognized the need to provide for the adequate manning of the business at all times. You often hear about this or that being a one-man business. You may get a very thrilling story with it, but you usually find that the one-

man concern goes out of business when something or other happens to that one man.

The late J. Pierpont Morgan was so much the head of his famous banking house that it is no exaggeration to say that he absolutely dominated it. But while it was dominated by one man that man took mighty good care always to be surrounded with plenty of good partners. He picked them not for their capital but for their ability and for their character; for those qualities that a partner of the firm of J. P. Morgan & Co. simply had to possess. It is still the greatest private banking house in the world.

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Of course we always managed to do some stock business. Periods of dullness in the stock market or of slowly sagging prices are very trying to stock-brokers, not because we don't make commissions but because the customers don't make money. I have made my money out of my work, and my work has been directly or indirectly with or for my customers. But they are always apt to disregard advice, especially when their accounts show them losses.

The other day at the Luncheon Club several brokers talked about some of the trials of their business. They agreed that it was not the alternations of feast and famine spells in the stock market that wore on the nerves, but the cussedness of customers.

One man, whose surname is known wherever there is an American who is familiar with the history of his own country, observed, "Will you tell me why it is that if a customer has bought several stocks for divers reasons and all but one have gone against him and he has to lighten his load, he invariably sells the one that has gone up, the one that shows him a profit—that is to say, precisely the one which he did not make a mistake in buying? I have noticed that they do it every time. They get rid of the good actor and keep the lame ducks. I have men in my office who have made great successes as merchants or manufacturers, excellent

traders in their own lines, shrewd, experienced business men. But when it came to stocks they made the same inexplicable, unpardonable blunder.

"I have often said to them: 'You have two lines of goods; one goes easy at your own price; the other doesn't move. Which should you sell? Does the fact that you will have to cut your profit and take a loss keep you from getting rid of your lemon? Do you hang on to your slow-moving goods and prepare to keep them in stock the next season? Why do you do in the stock market the reverse of what your experience has shown you to be good business?'

"You know how clever Larry Livingston is, don't you? Well, he was long of wheat that showed him a profit, and of cotton that showed him a loss. So, becoming confused by listening to others and by other mistakes, at a time when he wasn't in good health, he sold his wheat and held his cotton, and as a result he went broke. He himself told me, 'Having listened, I was lost. I was merely playing another man's game. Always sell what shows you a loss and keep what shows you a profit. For a man to violate all the laws that experience has taught him to observe in order to prosper is more than asinine.' Larry Livingston has said many other wise things about speculation. But though I repeat them to my customers incessantly they remain untaught."

"Yes," said Ernest West, head of the wire house of West & Holley, "but another type is just as bad, and that is the wise chap who knows that the game is crooked and protects himself accordingly.

We don't let such Solomons in if we can help it, but once in a while one of them slips into the office and trades and makes everybody uncomfortable while he lasts. In common with most Smart Alecks he invariably loses out and disappears, but he leaves unpleasant memories behind him. I recall a chap named Billings who had an account with us. He was the kind of customer who thinks that if he puts in an order at the market, the broker steals an eighth or a quarter. He tells you he knows you don't make it but that the specialist probably does. You know the type; the kind that in the end buys fake oil stocks thinking to unload before the promoter does. As a rule I tell the customers' man to tell his flock what Larry Livingston has said on the subject. You know, some years ago, Larry cleaned up big in our office, and his trading maxims are passed around several times a day. Larry, in the book of his reminiscences, says: 'I can't trade with a limit. I must take my chances with the market because what I am trying to beat is the market and not a particular price. When I think I should sell I sell. When I think stocks will go up I buy. There is an essential difference between betting on fluctuations and anticipating advances and declines. It is the difference between gambling and speculation.'

"We never could make this chap Billings grasp these commonplaces of stock trading. One day he came into the office looking as important as six congressmen-elect or the general in chief of the Santo Domingo Army. Of course I knew he had a hot one, and I am unprincipled enough to admit that I was glad of it, as it was time he underwent

a little chastening. Well, he didn't disclose the source of his information. He simply gave an order to buy one hundred Piggly Wiggly at 64. I was on the point of dissuading him when I remembered his educational needs and decided to give the ticker a chance to teach him.

"Of course the usual thing happened. The stock rose. More; it rose by leaps and bounds. It soared.

"The day it got to around 140, Billings, who had, of course, been urged to take his profit before that level was reached, decided to cash in. He gave us an order to sell. I don't remember what the price was, but he was advised to make it at the market. Billings said no; he wasn't going to give anybody a couple of hundred dollars of brokerage graft if he could help it. That stock was moving about too energetically, and he figured, I suppose, that we wouldn't give him the right price by a point or two if he made his order at the market.

"Well, the stock began to break. It showed quite a decline when he canceled his first selling order and gave us a fresh one at a much lower price, but still at a fixed limit. Again we suggested that he make it at the market, but he claimed orders of that kind merely made brokers careless about the execution. Of course you know what he was really hinting at. Well, the price went down some more and he lowered his limit but still would not give us a chance to sell for what we could get. Pretty soon the stock went so far below the high of that movement that he withdrew his selling order altogether. As soon as he did that the stock rallied and sold at the last figure he had given us.

It looked as if the upward movement had resumed, so he astutely put in a selling order above the last quotation on the tape. Of course the price thereupon started to go down. Just before the close he marked down his limit, but not enough.

"Much earlier in the day there had been all manner of rumors, and before the close it was plain that the stock was cornered. The next day the stock was stricken from the list and he couldn't sell it on the Stock Exchange. Eventually he sold it through some other brokers, over the counter, at a substantial loss. I told him in a nasty voice that it served him right and that I personally was delighted with the outcome of his bad trading technic. My hopes were realized for he got mad and closed his account with us. I've told his story because I consider his a typical case."

"Yes," said a former fellow clerk of mine who is now head of an active commission house, "but I think my pet grievance is that it is so much harder to get our customers to sell a stock than to buy it. When I was office manager for Malone, Tobin & Co., I became acquainted with Col. Henry R. Byrne, the chairman of the board of directors of the Dorset Dolomite Company. He owned a big block of his own stock, but he took advantage of the general depression to add largely to his holdings at the prevailing low prices. When the general recovery in business began the Dolomite Company got a lot of juicy contracts and the colonel became very bullish on his stock. As I knew what he had done and why and what the company's prospects were, I also became very bullish and I put my customers into Dolomite. We began buy-

ing it at under 30 and bought it all the way up to 50. Around 55 I was as bullish as ever. I had every reason to be, for the value was there and I could not see why it shouldn't keep right on going up to around 75 and I did not hesitate to say what I believed, for I really thought that 75 was a conservative price. I forget how much I figured the stock was earning. Anyhow I kept on bulling it. Everybody was making money following my advice, and you know what a grand and glorious feeling that is.

"Well, one day my senior partner called me into his private office, and there he imparted the sad news that Colonel Byrne had begun to sell his Dorset Dolomite holdings. How he got the information I didn't ask, nor whether we had any selling orders from the colonel. It was enough that now I knew why the stock had been so heavy for the last two or three days. The inside selling was explanation enough. Colonel Byrne was an exceptionally well-informed man on all business and financial matters and happened to be the largest individual holder of Dolomite.

"Of course I thought of my customers, who were all nice chaps—customers always are, when they follow your advice and are willing to back your opinion with their money—and I was anxious that they should take their profits at once. So I hustled out of the private office into the customers' room and began work. I had been vociferously bullish up to the minute I had been summoned into our senior partner's office, and I had to give some excuse for my volte-face.

"I approached my nice customers, who had taken

my advice to buy Dolomite so dutifully. I said to the first, 'Bill, sell that Dolomite of yours.'

" 'What?' said Bill incredulously.

" 'You've got a nice profit. Get out.'

" 'Why?' he asked disagreeably.

" 'It doesn't act right,' I said. How could I tell him the truth?

" 'Bosh!' said Bill. 'It acts all right. It's had a big rise. There's bound to be a little profit-taking now. But she'll go right up again. Why, you yourself said this morning you looked to see it sell at 75.'

" 'I've changed my mind,' I began.

" 'Change it back,' said Bill. 'Now, beat it!'

"The next man I talked to gave me pretty much the same reception and positively refused to take my advice. I went down the line. I pleaded and threatened and begged and insulted—all in vain. Not a man would sell his Dolomite, and I knew what the president of the company was doing.

"Just about that time one of the news agencies sent out a bulletin. It was the usual sort, blaming the decline on a bear raid and predicting all sorts of dire things for the reckless shorts.

" 'There!' said my customers like a Greek chorus, 'That explains the weakness.'

"The next day we got a big selling order from Byrne. The news agencies printed one of the customary interviews with a prominent insider, only this time it was Colonel Byrne himself. The colonel technically told the truth. He gave the earnings of the company and said that nothing had happened in the Dolomite trade to warrant selling the stock. At the same time, he did not say that

he had that very morning given us an order to sell ten thousand shares for his account.

"Well, that made me resume my campaign. I went at those chaps hammer and tongs; I told them everything, except the actual truth, which I couldn't tell, and which, as a matter of fact, it wasn't necessary to tell them. They had a profit and I wanted them to take it before it shrank still further. But to a man they refused. Of course under the inside selling the stock was heavy and lower.

"Finally I was driven to calling for margins on the stock, and I got a few customers out that way and incidentally made them my enemies for life. One of them got quite angry and was pretty nasty to me in the hearing of the office, and so I laid him out. I was so angry that I gave them all fits. I said: 'You damn fools have known me for years. You've all made money on balance following my advice. And here I put you into a stock that showed you all at one time from 10 to 25 points' profit and you ask me for reasons. The best reason of all is that I tell you to get out of that stock. The same man that put you in says to take your profit. If you don't want to listen, don't. Hold on until you have a loss. But the first man that whines to me later on gets the merry ha-ha.'

"Some of the fellows had known me for years and they suspected something was up that I couldn't talk about, so at last they got rid of their Dolomite. But I think fully one-half of my customers held on. That stock went down to about 35 without a rally and then the market got into a period of depression and all prices sagged. Dolomite got

down to about 20 or 22, We made most of the stubborn customers take up the stock. The price has gone below 10 since then. And those chaps all had a handsome profit once."

The experiences of these friends with their customers are the common experience of most stock-brokers. We had our share in those dull days following the panic. It was all a part of the business. Of course I would have you understand that we were always trying to improve our service. The increase in our wire connections and in our branch offices was giving us more people to appeal to, more customers.

In our bond-selling campaigns we had to appeal to investors. We gave facts and figures that established the value of the bonds. The time-honored custom of giving tips, which are merely promises of quick and unearned profits, does not work with careful investors. We early realized that a much better system could be introduced into our stock-trading department. We gradually improved our market letters. We made them different from the usual run of them. One of our partners in Boston conceived the idea of a statistical department. It would be in line with our other plans to improve our service and to prepare for the better times in the stock market that we felt sure were coming.

Luck was with Bronson & Barnes. A young man with a decided penchant for the study of economics graduated from Harvard that year. He had a keen, analytical mind and as clear a vision as you can find in a human being; also definite views as to the kind of work he wished to do for a living. The ability to see straight is not as common as you

might imagine. Much of what is called straight thinking is merely straight seeing—a dispassionate, impersonal, common-sense attitude toward things and people which enables one to see said things and people as they actually are and not as one would like them to be or, indeed, as they may get to be at some future date.

This young Harvard graduate made up his mind that he would do better by himself and by his employers in a stockbroker's office than in a bank. It was characteristic of him that he spent three weeks collecting data about the various firms of brokers in Boston before he got a friend of Colonel Bronson to give him a letter of introduction. He called at our office in Boston, and told Colonel Bronson that he hoped to go to work for Bronson & Barnes.

"Doing what?" asked the colonel.

"I'd like to establish a statistical department for you," answered young Tully.

"What qualifications have you?" asked the colonel.

Tully told him what theoretical training he had, and his study of railroad, industrial and sociological statistics in college. The colonel then said: "I think you are on the right track and I am convinced, personally, that any house which hopes to amount to something in the next ten years must establish a statistical department which will be prepared at all times to give intelligent advice to its customers and clients. But this is no time to begin such work. The market is in a wretched condition, public confidence is at a low ebb and commission houses like ours are under the necessity of cutting

expenses and not increasing them. I wish you would write me a letter so that I shall have it as a matter of record telling me just what preparation you have made which you think would be of value to us in our business, and at the same time continue your observation of market conditions and affairs, and when you think the time has arrived for better markets and better business get in touch with me again and I'll see if we cannot find some use for you."

Young Tully says that he himself had no such picture of possibilities open to him as Colonel Bronson himself had, because it stood to reason that the colonel actually visualized the future demands of the financial world for trained economic service. However, he went home and wrote a letter the next day, very carefully prepared, detailing the subjects covered at college which in his opinion should be of use to a modern brokerage business. He also said he was ready to go to work at once because he was convinced that the worst had been seen and business would improve. There was thus room for him in the organization of Bronson & Barnes.

Young Tully was asked to call. This time he saw Patrick Malloy. You will remember that Malloy started out as sole office boy and, indeed, as entire office force of the young firm of Bronson & Barnes back in 1888 and by his unusual abilities and devotion to his work was made a partner a few years later. Malloy listened sympathetically to young Tully and hired him to conduct a statistical department for the firm, which would not be merely a collection of reports and publications

but would have to engage actively in the work of advising clients in the solution of all investment and speculative problems through the intelligent interpretation of all facts affecting in any degree the value of securities and the changes in trade, commerce and finance.

To-day Tully is a valued partner. I consider him one of the most remarkable minds in Wall Street and one of the most useful men in the country.

That is how we came to develop our statistical department, which has proved so valuable to our customers and therefore to ourselves. Companies are investigated. We find out about their business specifically and about their business generally, as reflected by the business of other companies in the same line. Facts and their interpretation are what we try to give. I assure you that the reports of our statistical department have time and again acted as a brake on the excessive enthusiasm of many of our customers.

To-day well-equipped brokerage houses have followed our example and conduct such statistical departments. These, as much as any other one factor, have helped to reduce the losses of stock speculation as it was formerly conducted. It has put an end to blind plunging or hunch playing by otherwise intelligent men. Stock traders to-day are more businesslike. Of course nothing can make trading in securities 100 per cent immune from loss, but the old-style buying or selling of stocks and bonds on mere hearsay is too expensive to be tolerated to-day.

An old and valued friend, a broker who retired

from active business a few years ago, does not share my views. Possibly his idleness after thirty years of activity in Wall Street, has made him irritable, for he said to me, the other day: "We also have a very good statistical department, and through it we render easily available to our customers no end of valuable information. But I have yet to find that any client of our firm has ever consulted this department to learn whether we had any data whatever concerning the real value of the particular stock in which he had decided to trade. About bonds—that is, about investments—yes. But about stocks in which he desired to make a turn, the customer has usually preferred not to be told any facts. Sometimes, usually after the purchase showed a loss, a customer has asked for what he would call the dope on it. But even then he wasn't looking for the truth, the whole truth and nothing but the truth. He really wanted to find some hope or some justification—something that would show he had not been an utter ass to buy that stock. I have found two classes of customers —the wise and the d. f.; and the latter don't want any statistics or facts. They want an excuse for what they do in the stock market and they number about 95 per cent of the total."

That, I submit, is the old-fashioned broker's view. Not that my friend is a cynic, but he simply does not realize the change in conditions which has brought about the change in the customer as well as in the broker. I told you about the origin of our statistical department merely to convey to you how we prepared for the change that was bound to come. The business even then was chang-

ing and we were changing with it. I did not and could not see clearly and definitely what problems we might be called upon to face ten or twenty years later, but I knew we couldn't stand still. We must advance if we were to profit by the progress of the country. It was not so much the installing of new or different office machinery to take care of future needs—needs that we could not anticipate because we could not visualize in detail the new business. But we might prepare for it. The best and perhaps the only preparation possible, I felt, was in maintaining the proper state of mind.

Preparedness pays in business as in war or politics or science. Pasteur, one of the greatest men of our time, has said, "In the fields of observation chance favors only the mind that is prepared." He referred to the truly scientific investigator, the man with the prepared mind; and by "chance" he meant the unexpected happening that affords you an opportunity to go forward—if you are ready for it; ready with your mind to grasp the real meaning of that observed phenomenon!

We were sure that some day we must do more business—more new business as well as more old business. That thought was constantly in our minds; and when in due time our chance came we were "favored." The expectation of years, the watching for evidences of a new and definite trend in the stock business—the state of mind, in short—helped us to collect our deferred dividends.

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During the years following the panic of 1907 we developed a fairly lucrative business in bonds in addition to doing as much in stocks as was possible with the depression in the stock market. In 1910 we, as a firm, first became interested in financing automobile manufacturers. That great industry was then, if not in its first infancy, certainly in its early adolescence. It needed help because the entire world was suffering from money stringency and because one man had been too generous. That man's story is to my mind the greatest business romance ever lived by an American. I mean to tell it in full when I come to it in the proper chronological order.

The man's name was George Baldwin Townsend. He was one of the pioneers of the industry. He had been among the very first fully and enthusiastically to grasp the vast possibilities of the automobile—of the machine and of the industry—and his strong and vivid imagination easily pictured for him his own amazing triumphs. That is all there is to the belief in his star that every Napoleon has.

Townsend built an automobile and advertised it and improved it year by year and sold it by the dozen and by the hundred and by the thousand, until he was recognized as a greatly successful manufacturer. He made enormous profits; but all that money he put back into the business. He expanded amazingly, for not content with the suc-

cess of the Townsend car, he bought the controlling interests in other companies making popular makes, and he combined all those plants into the famous Consolidated Auto Corporation.

The automobile business literally jumped forward under Townsend's tremendous driving force. His sales—for a new industry—were enormous, and his profits, large as they were, continued to go into building new plants or enlarging the old ones. He foresaw the tremendous demand that was coming, and he tried to prepare for it. The value of his real-estate holdings and plant buildings and machinery and other tangible assets soon rose into the millions. As for the intangible assets, he didn't count them. It wouldn't have been of any use for him to try to capitalize them, in those days. The banks, remember, did not view the infant prodigy with as kindly an eye as it even then deserved. The credit men knew that some of the auto companies were making big money, but they were not equally sure of the permanence of the profits.

George Townsend became a very rich man, but his wealth was all in automobile factories that paid handsomely. Whenever the Consolidated Auto Corporation needed money it gave notes to the banks; and the banks, for greater security, insisted that Mr. Townsend personally indorse them. This Mr. Townsend obligingly did. He did not own all the stock himself, but his faith in the future of the industry was so strong that he saw no danger to himself in indorsing millions of dollars of notes. Money never meant anything to George Baldwin Townsend—unless it was something to build more motor factories with.

Notes have an uncomfortable habit of falling due at inconvenient times. The Consolidated Auto notes all came due just about in the middle of the money panic of 1910. There was no Federal Reserve System then, and we used to have panics and all the attendant troubles, financial, commercial and psychological.

The lenders did not wish to renew the Consolidated Auto notes; they were afraid to, or possibly they did not have the money to spare. At all events George Townsend was compelled to go shopping for funds; seeking some brave soul to finance his company's needs. His company's commercial showing was remarkable. It was clearly as sound a business as any, and more profitable than most; but also it was like the telephone in its early stages—that is, more or less of a gamble from the investor's standpoint. Not necessarily unsafe, you know, but somewhat uncertain. It had no historical background. There was no way of forecasting the permanence of the prosperity. However, George Townsend had the faith in himself and in his company's future that could remove mountains of doubt from the minds of bankers, and he persuaded one of the most prominent banking houses that it was both noble and absolutely safe to help the Consolidated Auto Corporation to the extent of forming a syndicate to underwrite $15,000,000 of notes. These he would use to take up the old notes—and build more plants!

The interest was fixed at a pretty high rate—money was mighty scarce, remember—and in addition the bankers asked and obtained as a bonus

some preferred and common stock of the Consolidated Auto Corporation.

Now bear in mind and keep it before you always, that George Townsend paid that bonus out of his own pocket. I mean, that the preferred and common stock given as an inducement to the bankers' syndicate to buy the company's notes, came out of Townsend's personal holdings. And do not overlook the fact that that same common stock which was given away with those notes, sold afterward at above $1500 a share! That same company which in 1910 had so much trouble in borrowing $15,000,000, a dozen years later, or, say, in its balance sheet of 1923, showed in one item a surplus of $132,000,000! Next to the United States Steel Corporation and the Ford Motor Company, Consolidated Auto is the greatest manufacturing concern in this country, if not in the world.

In those dull days I was keen for any business that came along, and those notes on those terms looked good. We were sure we could make our customers share our confidence, and so we went into the Consolidated Auto syndicate. We duly sold our allotment of those notes without great trouble.

That is how we first became interested in motor-company financing. A short time afterward, Julian T. Southworth, founder, president and largest stockholder of the Southworth Motor Company, sold a block of preferred stock to Martin Manley & Co., the bankers, and gave as a bonus an equal amount of common stock. The selfsame common stock afterward sold at $280 a share, that price

being based on the company's earnings. To-day the Southworth Motor Company doesn't have to sell preferred or common stock, or anything except its cars, in order to finance itself.

These incidents had much to do with what later on was referred to as the sensational success of Bronson & Barnes as modern stockbrokers. Another important incident came a little later. And while I have always maintained that the Wall Street life is not as tragical or as melodramatic as fiction writers try to make it, I admit freely that there is often a touch of real romance about the careers of some of our Wall Street men.

Take the case of Howell & Stewart. Charlie Howell and Jack Stewart started as clerks for Henry Stannard, of Stannard Bros., who specialized in commercial paper. In that old-fashioned but mighty well-managed office of Stannard's they gained an accurate knowledge of the character, standing and earning capacity of merchants and manufacturers throughout the country. They went about a great deal, buying and selling paper, and incidentally making no end of friends. They knew hundreds of bank officers in New York, Pennsylvania and New England. Being nice, bright fellows and great hustlers they made good in Stannard's firm. They were ambitious and planned to go into business for themselves; so they saved their money and, when they had enough, Howell bought a seat on the New York Stock Exchange. They had so many friends and acquaintances among wholesale and retail merchants and among banks that they were sure they would make a success as stockbrokers; and they also planned to do some-

thing in their old specialty of commercial paper. They would have made good instantly if they had not chosen to go into business at that particular time. In that awful depression and dullness nobody made money in Wall Street.

Still, those boys worked hard and kept their courage up. In the back of their heads they had an idea: They were sure there was money in a line that nobody in Wall Street had tried. They knew, from having handled their paper, that there were mercantile enterprises that paid well and had first-class credit, that were owned by individuals or by close corporations. These might be sold to the public in the shape of preferred stocks paying dividends at 7 or 8 per cent. There would be various commissions in such deals and if they became known as specialists in the stocks they brought out they would be likely to have an income at all times. To sell these big but not generally known money-makers to the public became their aim in life. It was a case of bringing buyer and seller together. The sellers, the men who owned the concern, were not always willing to share their good thing or else didn't need any financing. And as for the buyer, the public, it was blissfully unconscious that there were any such bargains anywhere.

With men of the Howell and Stewart type, waiting for an opportunity usually consists of going out in the early dawn and prodding opportunity with a pitchfork before any of the neighbors are up. They are apt to do their waiting about a mile and a half or a month and a half ahead of their competitors.

One day Charlie Howell came to see me. He

said he had called on every house in the street that made a specialty of bringing out issues of securities for corporations and that he had not succeeded in interesting any of the regulars in his scheme. He finished, "And now I've come to you."

"And why do you come to me?" I asked. I had no idea what the deal might be.

"Because I know, first, that you will listen to facts and not to fears or prejudices; and second, that, given the facts, you will draw your own conclusions and act accordingly, no matter what the precedents may be. I think this deal is a good one for us. I'll tell you the facts and then you tell me whether Bronson & Barnes will come in or not."

"Well, Charlie," I said, "I can see that you are trying to sell me something that must be mighty hard to dispose of. You admit that I am a forlorn hope. Your compliments clinch it. Now what's the deal?"

"I'll tell you all about it, of course. Do you know anything about the chain-store business?"

"I know that some of them do an enormous business. Properly managed they ought to make a lot of money."

"They do. Did you ever hear of P. P. Peltier?"

"The name is familiar. I've seen it often, but I can't quite place it."

"You've seen it on Blue Store fronts in every city of over fifty thousand inhabitants in any and all the Atlantic States."

"Well?"

"Here is the deal. I've got an option on a minimum of ten thousand shares and a maximum of twenty thousand shares of P. P. Peltier & Co.

preferred stock and as much common stock as bonus. The preferred pays 7 per cent. It has earned and paid its dividend from the day its business was incorporated. Now old Peltier is getting along in years. I've been at him to sell some of his stock for ages, and he gave me the option four days ago. I am to get it provided I get some bankers to help me swing the deal, for the old man knows our resources are not equal to this task. I started hustling, as I told you, and all I have to show for my pains is to report nothing doing."

It sounded good to me. There would be no difficulty in checking up the figures of earnings, and so on. I thought we could place the stock. It would be a profitable deal. It would take us into a new field—the merchandising of securities. It was worth trying. It was one of the things I had been getting ready for.

"I'd like to go in, Charlie," I said, "but of course I must put it up to my partners. In the meantime, before I speak to them, suppose you and I go over all the facts and figures available."

"Fine!" he said. He was so anxious to put that deal through that he went to his office, got all his facts together and came back to my office with them inside of an hour.

I went over the entire situation with him and I was keener than ever to go into it. I was sure it would succeed. I was more than sure I wanted to take what was a first step into new territory that might prove enormously profitable and would give us another source of income. I spent two days getting my facts and figures together. On the third day I called up my senior partners in Boston.

I laid the Peltier financing before them. I told them what I had learned of their business and of the record of dividends and of our breaking into the game of merchandising securities. It struck me it was a good stock to break in with.

But my partners did not share my enthusiasm. They did not wish to do any business with the Peltier stores. The financial markets were full of uncertainty and they'd rather stay out.

I knew it was no use my arguing. My senior partners were mighty good business men. They made up their minds quickly, but they always had good reasons. I felt, however, that in this instance they were deterred from going in by my failure to make the plan sound as attractive as Charlie Howell had made it to me. So I said to Mr. Barnes, "If Howell will go to Boston to talk to you about it will you give him a hearing?"

"Of course," answered Mr. Barnes, who is not only the kindest but the fairest-minded man in the world.

The very next morning Charlie Howell went to Boston. He is a very attractive chap and one of the best salesmen I ever saw. He had no difficulty in selling the proposition to my senior partners. When he finished talking they were as enthusiastic as I was. So we told Charlie that we would go in with him and do the business, and he hurried on to old man Peltier and told him he had the needed banking help and was ready to exercise his option.

Of course we asked to be allowed to make an examination of the company's business. We had our experts go over the plant—the hundred and odd stores—and also expert accountants go over their books. By the time the auditors had finished

their reports to us the general business situation had improved considerably. This meant that our work would be easier than we had expected.

Of course during all that time, as we were confident that our experts' reports were to be satisfactory, we had gone ahead with our preparations for selling the securities. I remember that one Sunday we had salesmen from all our offices come to New York. They cheerfully gave up an entire Sunday to attend a meeting at which the Peltier chain-stores business was discussed and the prospects and merits of the securities carefully analyzed. By the time Charlie Howell and I got through making speeches to our salesmen they knew all about the proposition, and the next day they started enthusiastically on their preliminary work.

Two days later we offered to the public twenty thousand shares of preferred stock at 98. The offer carried with it the privilege of buying one-fourth of a share of common stock at 25 for every share of preferred stock bought, or five thousand shares of common stock in all. The company would apply to list these securities on the New York Stock Exchange.

Half an hour after the books were opened for subscription the entire issue was sold. It was a great success.

I was more than delighted. I saw a new and profitable field for Bronson & Barnes. Howell & Stewart had been right in their choice of a new business to finance, and we had established what had been a strong suspicion on our part—namely, that business men throughout the country would welcome the opportunity to buy the stocks of successful private corporations if a market were pro-

vided for them by listing on the Stock Exchange. They were sure of a good return on the purchase price, and there was in addition the reasonable hope of an advance in the price through improvement in the business or through the medium of a bull market. We made a nice profit on the transaction—several hundred thousand dollars—but it was worth a great deal more to Bronson & Barnes to arrive by actual experience at the conclusion that there was a market for such securities. I'll say here, in order to close that Peltier chain-store incident, that the preferred stock has been retired and new stock issued in exchange for the old. That new stock is selling to-day at a price equivalent to three hundred and fifty dollars a share for the original common stock which we sold to our customers for twenty-five dollars a share. It turned out a very good deal for the bankers and for the customers.

Those young chaps, Howell and Stewart, were right, and they followed their initial success with other chain-store flotations which have also proved highly profitable. They are the leading specialists in that line of Stock Exchange business. They developed it out of nothing but imagination and courage, and they've earned their fortune, which is considerable. Their customers, I may remark here, have had no reason to feel sorry. It was something that could not have been done in previous years because the time was not ripe for it. But that is the way the broadening of the present stock-market activities began. We are dealing in all kinds of business on the New York State Exchange, which is as it should be.

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After Howell & Stewart approached us to help them sell the 20,000 shares of the preferred stock of the P. P. Peltier Chain Stores Co., our firm agreed that we ought to find a specialty of our own and do some selling of stocks direct to the public—stocks of private corporations which were big money-makers. The appeal should be to investors and speculators alike—that is, to include both classes of customers. The investor would be attracted by the dividend, while the speculator would think of the future prosperity which would be reflected in a rise in the price of the stock. The return to the holder of a bond is fixed, whether or not the business booms. Of course he has first call on the profits. Preferred stocks also are limited to a fixed dividend rate in good times, but come after the bonds. The big money has always been made in the common stocks.

In the old days the common stocks were sold to the ticker watchers—that is, to the speculating public. In the case of a new company the common often represented water, or, at best, the expectations of promoters. The classic example is the United Steel promotion in 1901. The underwriting syndicate employed James R. Keene to make the stock attractive to speculators. He distributed many million dollars' worth of the new securities. Almost exclusively they went into

brokers' offices, where they were carried on margin for all kinds of speculators. Those who bought paid no heed to prophecies of eventual dividends; they preferred promises of a ten or twenty point rise, and planned to unload as quickly as possible. That is why the common, after selling at 55, found it easy to sell below 9 on the famous undigested-securities slump. But gradually, as the country grew, the value of the capital stock also grew. The water evaporated after ten or fifteen years.

Keene's method was too speculative to appeal to our firm, and bond-selling was too slow, besides requiring a far more elaborate organization than the average commission house could easily manage. We thought a happy medium would be to place with individual purchasers the common stocks of profitable American enterprises. The bolder investors and the more conservative speculators would be reached. It was all a matter of finding the right enterprise, some privately owned and safely established business that might be sold in whole or in part to the public. Howell & Stewart had done it in the Peltier Chain Stores, and Hall & Freer in their low-grade lead-ore properties. In the meantime we attended to our regular business.

One day in 1915 my good friend, William Albert Hicks, president of the Morrisania National Bank, where we had an account, telephoned to me.

"Jack," he said, "when you have a few minutes to spare will you drop in on me?"

"I'll be over right away."

"To-morrow will do if you are busy just now. I want you to listen to a fairy tale."

Now Hicks was a tried and true friend. I had

done considerable business with and for his bank. If he wished to tell me a fairy tale I would listen. Bankers' fairy tales are apt to be interesting. I wondered where I fitted in the narrative.

"I'll come over right away," I said.

"Right-o!"

And Hicks hung up. But I imagined he was chuckling to himself. That is how his voice sounded. When I went into his office he had a grin on his face.

I said, "What's the joke, Bert?" He grew serious at once.

"Jack," he said soberly, "a man was in here this afternoon and he told me a story out of the Arabian Nights. I thought it over and decided to put it up to you."

"That's nice," I said, to encourage him.

"Did you ever hear of a man named George Baldwin Townsend?"

"Yes," I answered. "He used to be president of the Consolidated Auto Company. I happen to know that fact because we were in the syndicate that sold some of their notes a few years ago. Then I heard that he'd been forced out of the company by Wentworth, Hopkins & Co."

"Is that all you know?"

"That's all," I said, whereupon Bert Hicks looked pleased, probably at the thought of how much he had to tell me.

"Well, then, you listen. I wouldn't believe a word of it if I didn't happen to know it is all true. I've got his history from others. He has done wonders——"

"In what way?" I interrupted.

"He has made millions and built up a tremendous business. But to hear that man is to listen to dreams of the future that sound like fantastic novels. He only needs $5,000,000 to enlarge his plant so as to be able to produce enough to fill his orders. Fred Liddle brought him to me. I advised him to apply to our friends across the street, or some other banking house; but he says every time he talks to a banker he either gets frostbitten or they call the police."

"Why?" I asked.

"Why?" echoed Mr. Hicks, the progressive president of a modern bank. "Why? Because he is an automobile manufacturer. His is a new business—too new. It is extra-hazardous when it comes to putting millions of your customers' money into it in a permanent way. I myself would take a reasonable amount of his paper for reasonable periods. But for keeps? No."

Hicks, I knew, was a shrewd and farsighted businessman; but he had a banker's prejudices. They were perfectly proper prejudices for a banker to have, because he had to play safe. It was wiser to keep his eye on the sure thing than to play for the speculative ten-strike. It was Hicks' attitude that made me think instantly and inevitably of what the automobile business had done up to then. Thinking of the past in turn made me think of the future. Seeing the revolutionary changes effected by improved transportation methods, I saw the revolution spreading. I said:

"I think the automobile business is going to grow much more and become a very important industry. People need it. It is going to carry them and their

families and their bundles on short hauls, and everybody is going to own one, when men like you cease thinking of them as luxurious."

"I'm glad you believe it," said Hicks, "because now I'll sic George Baldwin Townsend on you. You should help him find the few millions he needs. That's why I called you up. All the same, I myself can't ride more than thirty miles in a motor without somehow feeling that I ought to have taken a train."

"Same here," I confessed. "But more and more people are using it as a necessity and not as a luxury. If the progress it has made, mechanically and toward cheaper prices, keeps up, it will be the most wonderful thing of our time."

"Say, has Townsend talked to you?" asked Hicks suspiciously.

"No; but I'd like to let him," I said.

"Let's go over and see Fred Liddle. He is an old friend of Townsend's and he is very much interested in getting somebody to finance the Arabian Nights necromancer. It may be he's got all the automobile paper he wants and would like to see some cash. But this might easily be a base suspicion. Come on, let's go!"

We went over to the Textile Trade National Bank, of which Frederick C. Liddle was president. I knew him very well.

"Fred," said Hicks, without saying howdy, "tell Jack Wing, of Bronson & Barnes, what your friend Townsend wants."

"Hello, Jack," said Liddle, and shook hands, saying, "We are polite in this bank even to other banks' depositors. Jack, considering the views he

holds, my friend Townsend astonishes himself by his moderation. He wants to enlarge his plant. It will take about $5,000,000 to build the additions he thinks he will need to take care of the business he says is in sight. He has orders for an incredible number of cars. He has a faculty of making all kinds of men work their heads off for him and his agents simply make people buy his car, so he finds himself with orders for more cars for immediate delivery than he can possibly manufacture in three years. His idea is to produce in huge quantities, buy improved machinery, which will reduce the costs materially. Why, he thinks he can pay the $5,000,000 in two years if he never got another order! But he has a violent prejudice against banking relief. According to him, it always ends by the banker owning the business as soon as it begins to pay big."

"Will he allow us to audit his books and appraise his plants and study his methods and his personnel for ourselves?" I asked.

"I don't see why he shouldn't," said Liddle.

"Why not give Jack a letter of introduction and let him talk to your genius?" suggested Hicks.

Liddle nodded and said, "I'll do it, and I'll call up and tell Townsend you are going."

"Make the appointment, if possible, for to-morrow afternoon after 3.30," I said.

Liddle right then and there telephoned to Townsend and made the appointment for me. The next afternoon I went to see the automobile manufacturer. His office was on West Fifty-seventh Street not far from the river. It wasn't a large building. Downstairs was a saloon. In the rear of the saloon

was the private office of Mr. George Baldwin Townsend, formerly president of the Consolidated Auto Corporation and now head of the Allenby Motor Company, in need of $5,000,000 to enlarge his business with. As I went past the garage I saw a lot of the little Allenby cars, all nice and new and unsold.

It was not a prepossessing sight any more than it was an aristocratic neighborhood. But that didn't affect me. If the Allenby people were doing enough business to justify our making some deal with them, I didn't care where they did the business or how the office looked.

George B. Townsend was waiting for me—a small man with a fine forehead. I gave him the letter of introduction from Liddle. He glanced at the envelope, laid it on the desk unread and shook hands.

"I am much obliged to you for going to all this trouble," he said pleasantly. "I am turning out 5000 cars a year—which won't be even a good month's work for us after we get going. I have orders for about 40,000 cars and I need a plant big enough to take care of our business. I am not thinking of the future. That will take care of itself. I am thinking of the present. I need $5,000,000. With that I'll make enough to build ten plants later on. Our profits will take care of all future expansion. That's the thing in a nutshell."

I felt sure that Townsend had stated the facts accurately. He had a remarkable personality and a convincing manner. I felt impelled to hurry with the $5,000,000 so that this man might not

waste any more time. To delay was to let a lot of millions run to waste.

"How much are you making?" I asked him, feeling too pressed for time to waste any in preliminaries.

"I figure to make $2,000,000 this year," he said, with conviction.

"What?"

"Yes."

He said it so confidently that I asked him, "Have you any idea of how you want to raise this money?"

"Yes; I want to sell stocks or bonds of my company. I don't want any more notes. That's how I lost the Consolidated. Notes fall due when you don't want them to. I want partners, not bankers."

That was just what we'd been looking for.

I said, "You could raise the money by selling enough common stock."

"Very well," he said, as though everything was settled. "Don't you think we ought to hurry up?"

"Of course I must confer with my partners before I tell you positively that we'll do business with you, and before I speak to them I must know more about your business. I don't know, for instance, what your stock is worth or what I could sell it for until I have a look at your books and your plant."

"Of course not. Now, Mr. Wing, please tell me what you wish me to do in order to expedite matters."

"Well, we shall have to find out how you run your business. It isn't only a matter of your producing your cost sheets or a properly kept set of books, but of our studying your business as a business, because in order to sell your securities for you

we shall have to recommend them to our clients and associates, and before we can do so we must know everything about your industry in general and your organization in particular. We wouldn't buy the finest manufacturing plant in the world at any price unless we also had the right man to run it, and we wouldn't back the ablest men in the world without the proper equipment for them to do business with. I'll say this, though, that I am a big bull on the automobile industry and its future."

He brightened amazingly at this.

"When were you converted?" he asked eagerly.

"I've believed in it since our firm went into the syndicate that underwrote that issue of notes of your old company in 1910."

"Yes, and I had to pay an exorbitant price to the bankers who headed the syndicate. I don't want to talk about them. They may be your friends; but they made me resign from the presidency of the company that I organized, that I personally carried in times of trouble. I am a director of the company, but I've never attended a meeting of the board. Some day I'll attend a meeting, but it will be to elect myself president again. And the way to make that day come the sooner is to sell some stock of my Allenby Motor Company for me. Mr. Wing, the automobile business offers greater and surer profits than any other business in the world to-day. I ought to know. I went into it pretty early in the game and I know how much I have made. I tell you it hasn't started."

"And yet I often hear that it has reached the saturation point," I said.

"My dear Mr. Wing," he said very earnestly,

"the saturation point in the automobile industry will be reached when the world stops growing boys."

I smiled. He went on:

"Listen, Mr. Wing. Some years ago—it was in 1907—a lot of us manufacturers of automobiles met in a hotel in Detroit to discuss trade matters. Everybody was there. I mean every maker of automobiles in the United States was there, big and little. The fear was expressed by the head of one of the richest concerns in the trade that we were going too fast in the matter of production. Several men agreed with him and prophesied dire things unless we slowed up.

"I said I didn't agree with them and that the chief trouble was we weren't producing enough cars. Large production meant cheaper cars and cheaper cars meant more buyers. Old man Godfrey, who was the first to admit getting cold feet, asked me how many cars I would turn out that year, and I answered that I'd tell him if he would first tell me how many he would produce. He said he didn't care to tell. I then said that it would be a good thing if everybody there told. One or two supported me, but the majority wouldn't hear of it, being afraid to tell for one reason or another. I then suggested that each man write on a sheet of hotel stationery the number of cars his schedule of production called for during 1908 and we would then add the figures and get the aggregate number without giving away anybody's individual output. Well, we did, and I bet most of them wrote in a disguised hand. We folded the sheets in two and dropped them in a hat and old Godfrey mixed them

up as if he were shuffling cards, and then he and Jim Lansing wrote down the figures on another sheet of paper. Godfrey was mumbling to himself as he added the individual returns. All of a sudden he stopped and got white as chalk.

" 'Gosh!' he said, and slumped in his chair.

" 'What's the matter, Godfrey?' I asked, and rose to catch him if he fainted. But he waved me away.

" 'It can't be done! It can't be done!' he said.

"So I sat down again and asked, 'How much is it?'

" 'It will bust us all higher'n a kite,' he said.

"Mind you, he was a millionaire and had a wonderful plant and was turning out a popular high-priced car.

" 'Come on, we're waiting!' I said.

" 'It'll bust us all,' he repeated.

" 'It won't be the first time some of us here have been busted. How much is it?'

" 'Two hundred and fifty thousand!' he said in a despairing voice, and then he deflated like a punctured tire. The effect on the others was even worse. They looked as if they were about to expire in six seconds.

" 'Oh, shucks!' I said. 'Is that all?'

" 'It will bust us all!' said Godfrey.

" 'Positively!' said Jim Lansing, who to my knowledge had made more than $3,000,000 out of his business in three years.

" 'Sure thing!' said two or three others.

" 'Sure thing nothing!' I said. 'I never heard such damnfoolishness in all my life. Why, I'll be turning out that many myself inside of three years.'

"They thought I was crazy. The production fig-

ures having taken all the joy out of life, the meeting broke up. Everybody went home blue as indigo excepting myself. My dear Mr. Wing, I almost made good on my threat, and if it hadn't been for your banking friends I'd be turning out more than that. If you will sell enough stocks and bonds for us to increase our Allenby plant with I'll beat those figures all to pieces."

I believed him. It was his manner. He went on:

"Mr. Wing, you and I are going to do business together to our mutual advantage. For your own sake I want you to believe that I not only am not crazy but that I am really conservative in my estimates. You see, I know this business from A to Z. I have been in it from the start. I really grew up in it, because I was always in what you might call the parent trade; I mean, the manufacture and sale of vehicles. My father was a wagon maker and that is what I first worked at. He left his home when I was a boy and went West. He wanted to be where he could sell to the most people—that is, in a prosperous farming region. So he picked on Michigan. There he had everything to work with —the lumber and the labor and the markets. So he made farm wagons—good ones, lots of them.

"By the time I grew up the world had moved forward quite a bit. The old heavy, slow vehicle was obsolete. I changed the wagon; improved it; made it lighter, though just as strong, because the roads had improved. Other wagon makers thought I'd go broke, because farmers are so conservative that they would stick to the old style that my father used to make. But I sold my lighter wagon. Then

I saw that the market had become too limited. The wagon lasted too long. The replacements weren't in sufficient volume to pay. So I went into making buggies. I saw big money in manufacturing them on a large scale and I worked accordingly. I made a name for myself as a maker of the lighter vehicles. I made money making the modern vehicle; at that time it happened to be the kind of buggy I was turning out. That was the kind the American people wanted. My first money I made at what I am making my money to-day, which is supplying transportation machines. I have always capitalized the need of humanity to go from one place to another as quickly and comfortably as possible.

"The automobile came and I was keen for it from the start. I never thought of it as a toy or as a luxury. I knew it must succeed because it deserved to. I knew it must be improved because it couldn't help it. I knew it meant the end of my buggy business and the trade at which I had worked from my childhood; but that didn't sadden me. I was too busy planning to get into a better and bigger game.

"I saw it coming, but I didn't seem to be able to make others see it. I lost precious years trying to convince friends of the big thing that was right there in front of us. But all I got was advice to stick to my buggy business. I had a mighty fine organization. I suppose you know that some of the men who worked for me as foremen or superintendents have since made great fortunes in the automobile business."

"No, I don't," I said.

Townsend went on:

"They were good men and they worked as hard as ever for me, and perhaps even harder; and we certainly turned out more and better buggies; but the old thrill wasn't there any more for me or for them. They were eager to follow me in the new field. Finally, I gave up wagon making and went into automobile manufacturing.

"I got control of the old Yorick car. It ran. That was about all you could say for it. It had the old chain drive and it made a noise like a thousand tin devils. It gave all sorts of trouble with all sorts of parts. You could hear that old Yorick grunting and snorting and rattling ten miles away; but it went. It wasn't a beauty, but it had the makings of a good car. I wasn't thinking of its lack of beauty, because we had no artistic standards in those days, and the exorbitant-priced foreign cars were not so wonderful to look at. I was concerned with getting speed and endurance with uniform reliability. I knew I had to get those things if I wanted to sell my automobile. I never forgot it, and my men didn't either—not for a minute. As soon as I got control of the concern I began to make cars and as soon as I began making them I began improving them. There was plenty of room for it, the Lord knows; but then, most of my competitors were in the same boat. What I wanted to make was as good a car as any of them cheaper than most of them.

"After all, it wasn't exactly a new problem for me. The auto was only the last word in modern buggies and I had been making buggies for years; better and cheaper buggies because the better they

got the more I sold, and the more I sold the cheaper I could sell them. I simply had to keep on doing what I always had done.

"I was right. Bad and ugly and noisy as the first Yoricks were, the public bought them because it was buying automotive vehicles. My price was reasonable compared with the other cars. It wasn't long before the mechanical improvements that I made sold the car by the hundreds for me. Then the improvement in looks also began to tell on the sales. I hadn't been making good-looking, well-built buggies for years for nothing.

"Money in it? I give you my word I wasn't thinking of that. I was concerned with developing the sort of car that would sell itself. But you wouldn't believe it if I told how the money rolled in. At first, to make the improvements I had to raise the price; but the sales went up so fast that the cost of production came down. The public was only too glad to pay a fair price for a good car. My salesmen used to come to me with their eyes popping out of their heads at their own success.

"I knew what class of people bought my Yorick car. But I wished to reach the fatter pocketbooks as well. I needed a higher-class car for the higher-class trade. To design a new car, advertise it and build up a reputation for it took too much time and money. I hadn't the time to wait or the money to spare while the automobile industry was growing like a record-breaking mushroom. So I didn't make a higher-priced car. I just bought the DeGrasset plant and goodwill. When you buy an established product you buy a good share of the money that has been spent on advertising the name. That

knowledge saves the salesmen much talking and that is worth a lot to men who are in a hurry.

"Old Winsmore, the president and chief owner of the DeGrasset Company, made a wonderful car. Everybody, competitors and all, admitted it. He was finicky as the dickens on design and workmanship. But as a quantity producer he was a joke. He made a fine car, but he couldn't make enough. He couldn't begin to fill his orders, and it is mighty poor business to compel a man who wants to buy your car to go out and buy another make. Old Winsmore didn't try to expand his output to keep up with the demand, so I bought him out and installed machinery that old Winsmore's engineers had been trying for years to get him to put in. I also bought out the Maple Leaf Motor Company, which made a moderate-priced car. The company was not doing well and I got it cheap, for less than I could reproduce the plants. I obtained control also of the Hawley truck factory. With these I formed the Consolidated Auto Company. I paid Winsmore and the Hawleys in great part with preferred stock of the new company.

"My dear Mr. Wing, we sold so many cars and made so much money so fast that I, as principal owner of the Consolidated, found myself a success before I knew it. I mean, I found that the banks would only lend the company money if I indorsed the notes personally. That didn't bother me. My life was wrapped up in that business. I'd do anything for the company so long as I could keep on enlarging the plants. I explain this because that is how I came to indorse the notes that all fell due at one time, which certainly was about the wrongest

time in twenty years for notes to fall due on. I had to come East and raise money to pay off those notes.

"The bonus in preferred and common stock that went with the $15,000,000 which you helped to place came from my personal holdings. I didn't mind that, but the banking firm that headed the syndicate were bankers and not manufacturers, and so they thought the concern ought to be run from their office and I was told that I was a mighty poor financier, even if I had built up a huge business from practically nothing. They called me a visionary. I had an option on the Shaw Motor Company, which to-day you couldn't buy for $1,000,000,000. All it would have cost then was $20,000,000—and I couldn't raise the money in New York or Boston or Philadelphia. But that is another story. Moreover, it is only fair to say that even in my own trade I couldn't convince my competitors that none of us individually or all of us collectively had reached anything like the production that we ought to try for. I preached quantity production a long time—the same policy that has made Hiram Shaw the richest man in the world in the matter of income.

"Well, I lost my baby. The Consolidated Auto Company, of which I am a director that never attends board meetings, is making money. It would make a great deal more if I were running it, because they'd sell more cars.

"I'll tell you how I came to start this Allenby company. I saw that there was a huge market for a cheap car—for the kind of cheap car that I could turn out. People like usefulness, but they also like beauty. I decided to manufacture a car that could

be sold at a profit at a very low price and yet not look cheap. It wasn't much of a trick. I simply made a good car and put in certain refinements and features that theretofore had been seen only on much higher priced cars. I wanted it to be sold for less than $500, for slogan purposes, and so I made it sell at $490.

"When it came to the name, I wanted one that would suggest good automobiles to everybody who had ever taken an interest in cars, so I named it after my old driver, Louis Allenby, the world-famous king of the speedway. Anybody who saw the name 'Allenby' instantly had a vision of Louis going 100 miles an hour, establishing a new speed record and making the fortune of some expensive car, imported or domestic. Well, I got Louis for advertising purposes and some of my old associates in the buggy business and the star salesmen, who gladly came to me when I needed them, and the best engineers and designers I could get. Together we evolved this little bubble that will sell 100,000 a year as sure as fate."

I must have smiled, for Townsend frowned. Then he smiled and said:

"If you wish to smile, I'll tell you something to make you smile. My own conviction is that I'll sell 250,000 a year as easily as I am now selling 30,000 or 40,000. I can't see how I can help it. I tell you that we are not making to-day one-tenth of the cars that we'll be making and selling in another five years. You used to call them pleasure cars. Who talks of pleasure cars to-day? The coming and going of that phrase tells the story of the changed attitude of the public. It was a pleas-

ure car when you were not sure whether or not you might have to be towed home by a team of horses. The uncertainty made it a luxury. To-day it is absolutely dependable; it is a necessity.

"Mr. Wing, I have the buyers, but I haven't the cars to deliver. I have the orders, but I haven't the production capacity. You get me that money to enlarge my plants with and I'll sell the cars. I'll make $2,000,000 this coming year. You can look over my books. You'll find that we have the orders. But I don't want to borrow money on notes that fall due when the money market is tight. I want my friends and my customers to come in because I know their money will be safe. All I ask is to have people put up the money who believe in the business."

I was listening to Townsend with an interest that should be very easy to understand. It was as clear as day that he had vision, faith, courage and a single purpose. I felt as though I had known him for years and had always liked him. Also my mind held one thought, so insistent as to drive out other thoughts. It was that the long-sought-for opportunity had come to us. Here was the common stock of a corporation doing a profitable business to sell to our customers. I knew that there would be many who would think the automobile business was too new. I agreed with Townsend about the permanence of it and that made me think that Bronson & Barnes should identify themselves with this most promising industry. Still, there was much to do before committing ourselves.

"Mr. Townsend," I said, "I hope we can do business. But first we'll have to have your books

audited and your plant examined. We should like to come into personal contact with the men who are under you, so that we may determine the kind of organization you have and whether with it you could handle a bigger plant. I myself accept your word for it. I am willing to risk my own money on your say-so and this is not soft soap. But I will not take anybody's word for anything when I ask my customers to risk their money. We'll have your plant appraised to get an idea of what the proper capitalization should be, and we'll study the automobile industry in general, as an industry, from the point of view of an investor in that business. If the reports of our experts confirm your statements, as I fully expect they will, I see no reason why we shouldn't sell some of your securities. There is no sense in discussing details just now. I'll consult my partners at once and if they are willing we'll arrange for our visit to your plant. Is that satisfactory?"

"When do we start?" he said simply.

"I'll let you know in a couple of days," I said.

In the street I looked at my watch and discovered that I had spent nearly four hours listening to Townsend. What I have repeated is only a small part of what he said. It was a fascinating story, with much less of the Arabian Nights quality than Bert Hicks had led me to expect. I hadn't even smoked as I sat there.

You may rest assured I lost no time in telephoning to my partners in Boston. I told them how I felt and what I thought we ought to do. They said to go ahead. I suggested that one of the partners and young Tully, who was in charge of our statisti-

cal department and had a remarkably analytical mind, join the party in New York. In the meantime I would engage an expert from the firm of John J. Ryan & Co., consulting engineers and business examiners.

The very next morning I went out to get a line on George Baldwin Townsend himself. I went to people who knew him. For example, my old friends, Humphreys, Donahue & Co., who had sold some bonds for the Consolidated Auto Company when Townsend was still president, should have been the logical people to finance the new company's needs. If there was a reason why they had declined to do so, I ought to know it. I went to their office. My relations with the partners are as friendly today as they were when we were together at Harvard, even if I didn't accept the partnership they were good enough to offer me.

"Cramer," I asked, "what do you honestly think of George B. Townsend?"

Cramer hesitated. Then he said slowly, "He is unquestionably an able manufacturer. But he is utterly lacking in financial sense."

"Is that the worst?" I asked, greatly relieved.

"Isn't it enough?" asked Cramer. You know, he sells bonds, and in that business you get so you emphasize that phase of a company's management.

"The reason I asked you," I explained, "is that we have been asked to finance some improvements for him. Hicks, of the Morrisania National Bank, and Liddle, of the Textile Trade, brought us together."

"I sincerely hope that you fellows can work with him. He'll need men like Hicks and Liddle to

steer him straight. It will be the making of him—if they can. He is a tremendous worker with a wonderful vision. He has great dreams and the physical capacity, the courage and the mind to make them come true. But when it comes to the finances of his company he is very hard to get along with. All he thinks of is to increase his plants and make more cars to get more money to build more plants with to make more cars to get more money, and so on. If he'll work with you fellows, there is no limit to the money he can make. And the funny thing is that he cares absolutely nothing for money."

"Then he must be a good man to be friends with," I said. "Much obliged, old chap."

From Cramer's office I went to the Textile Trade National Bank and saw Fred Liddle.

"I saw Townsend," I said, "and we are going to visit his plant and audit his books and so forth, and if everything checks up O. K. we'll do that financing for him. Now you tell me what you actually know about him."

"Oh, his history is nothing. He himself is everything. He started out to make buggies, got into the motor business, organized the Consolidated Auto Company, was ousted from the management by your banker friends, and is now making the Allenby car. That's what he has done. He is a genius and you will have to guard against it. That man has made industrial history in Michigan and some day he will make it in capital letters in Wall Street. When he comes here and talks automobile industry to me it is all I can do to keep from leading him to our vaults and turning my back on him. And mind you, money doesn't interest him. He spends less than

most of my clerks. Not that he is stingy, because he is the opposite of that; but he never thinks in dollars; always in cars, in customers, and millions or dozens are all one to him.

"I think Townsend wants to make enough money to buy back control of the Consolidated. He wants to raise the money for the Allenby Company without jeopardizing his control of it and that is what you'll have to keep in mind. I believe he can sell as many cars as he can make, so there is no fear of his overexpanding.

"I'll tell you why I want him to succeed—because he is a man of genius. But geniuses are apt to shorten the lives of bank presidents. What impression did you yourself get of him?"

"I got the impression that we would do business with him," I said.

"I knew you would if you let him talk to you. I surely wish you both luck. I think you'll find things to be as represented by him."

"Then we'll surely finance his needs," I said, and left the bank.

I returned to my office and found Tully waiting for me. He had already started an investigation on his own hook. He got in touch somehow with almost every dealer that had ever done business with Townsend. The reports confirmed what Liddle had told me. No doubt was left in our minds that if Townsend could make more Allenby cars he could sell them. This made the question for us to consider simply: Did we wish to finance a new company which was run by experienced and successful men? My own answer was yes. It would be a good business for us to undertake it. We had been pre-

paring for years to make such ventures a specialty.

Our party left for Michigan a few days later. It consisted of one of our Boston partners, who was an expert accountant, young Tully, head of our statistical department, an engineering expert from Ryan's firm, George B. Townsend and myself.

We arrived in Detroit in the morning. We were met at the station by a whole flock of those little Allenby cars. I asked what the idea was, and Townsend told me the best way to learn about the Allenby cars was to ride from Detroit to the factory in one of them. It was only sixty miles, but the roads were not so smooth as they are to-day and the cars were brand-new.

I got in the first with Townsend and John Mallon, who made the motors. The others were driven by divers employees of the Allenby organization who were impressively told by Townsend that it was up to them to make a record run. Well, sir, those little Allenbys were driven as though the great Louis himself were at the wheel. They averaged about forty miles an hour. They had a short wheel base, and when we came to a rough spot in the road there was no difficulty in getting the news via your backbone. But George Townsend sat beside me, a proud, paternal smile on his face. We were making automobile history. No speech required.

We got to Hardwick, where the Allenby plant was. We were driven to the town's one hotel—the Townsend—named after George B. Everybody in Hardwick was as proud of George as George was of his Allenby.

The proprietor of the hotel met us at his front

door and welcomed us with enthusiasm. He told us that there would be a special dinner that night and that the house was ours. He couldn't do enough for us. If I hadn't felt so tired I would have enjoyed myself hugely.

We left our luggage in the hotel and went over to the plant. We went through it. We saw the cars made—assembled and tested and taken apart and everything else. Our experts asked questions and took notes. We had lunch with the factory hands and were greatly impressed with the spirit of the men.

In the evening we had the special dinner. Besides our party, Townsend had invited his manager, his bookkeeper and three or four other employees, all fine fellows. After dinner we had a family gathering consisting of the guests and a dozen Hardwickians—bankers and business men who swore by Townsend and had money in the Allenby plant. They knew why we were there. Why not? Wasn't it a family affair?

We discussed the deal. They had all sorts of unpractical notions, as most people do who haven't had any experience with selling investments to the general public. I was against issuing bonds or preferred stock or notes and insisted that the financing should be done by the sale of common stock in a properly capitalized company. The buyers of that stock would take a reasonable business risk, the same as Townsend and his fellow Hardwickians, and they would share in the profits—if any. Townsend was inclined to side with me. Finally I had my way, but only after I had made it plain that it was common stock or nothing.

In the afternoon we returned to Detroit—by rail—and there we took the train for New York. While we waited for the reports of accountants and the engineering reports, Townsend and I discussed the deal. He himself wasn't going to do the selling of that stock to the public, and we were, and his views did not always accord with ours; but he was very nice about it. He knew we were square and he gave in to us.

The experts' reports confirmed the favorable impression I had of the plant and the business. We were mighty particular and insisted on having all the facts and figures set down in black and white. We were going to ask the public to buy stock in a company which had no historical background, engaged in what was practically a new business concerning the permanence of which grave doubts existed among business men. We had made mistakes in the past, as I have recounted earlier, and we took great pains to avoid similar mistakes in this Allenby affair. We hoped that it would be the first of many such operations, but not for all the money in the world could we afford to misrepresent, however innocently, any part of the deal.

It wasn't until we were absolutely sure of our ground that we notified Townsend we were ready to go ahead. Then the bickering and bargaining began. Townsend, to whom a profit in the future was as real as cash in bank, wanted more money for the stock than we felt the public should be asked to pay. Then, also, some of the houses that we had invited to join the syndicate had their own notions as to prices and commissions and the size of their respective participations.

We had conference after conference that came to nothing. Mr. Barnes, when I reported to him, finally told me over the telephone from Boston that he was sick of the whole thing and wished me to drop it. There was too much quibbling to suit Bronson & Barnes. I said it would be a pity to drop it after we had gone to so much trouble and expense and I begged him to come to New York and talk to Townsend and the other conferees. He agreed, and at our fourth session we came to terms.

The company was to be reorganized. Instead of a few thousand shares of $100 each owned by Townsend and his personal friends, we would recapitalize the company on a basis of 200,000 shares of no par value. We did not wish to give any one the impression that the new stock was worth the usual $100 a share. The public must understand that it was a young company, that it was prosperous and that whoever bought the stock simply entered into partnership with the owners of the property. These were men of ability and experience in the automobile business and had made a success of it.

Townsend received 100,000 shares for his ownership. Then 32,000 shares went to the other stockholders for their minority interest, while Bronson & Barnes took the other 68,000 shares at $65 a share. This stock we decided to offer to the public at $85 a share.

Townsend insisted that we were making a colossal mistake in letting that stock go so cheap. The price ought to be at least $100 a share. I told him that we proposed to sell to our clients at 85 because we wished them to make a profit, and also because we preferred to sell it at 85 and see it go to 100 rather

than sell it at 100 and see it go to 85. He insisted that we were wrong, but we went ahead.

We formed a syndicate composed of houses with which we had done a similar business in the past, only in this instance the syndicate managers were Bronson & Barnes. We had been preparing for something like this and we had no fears as to the outcome when we finally offered Allenby Motor stock to the public at 85 a share.

Well, you never saw anything like it. The morning the advertisement was printed the Curb began to deal in Allenby, when, if and as issued. The price went up by leaps and bounds on tremendous transactions. We were dumfounded. I had hoped for a success in this, our first venture of the kind, but I wasn't prepared for anything so sensational. It was not altogether comfortable to get the reports from the Curb. Before the subscription books opened the price was 90 bid.

It didn't stop there. Before the books closed that stock was selling at 125 a share. Think of it! Of course, everybody was calling up our office to find out what the dickens had happened and where the mistake was. The other members of the syndicate were as much at sea as the rank outsiders. The colloquies with my friends ran about like this:

"Say, Jack, what's going on in Allenby Motors?"

"I don't know."

"It's selling at 125 on the Curb."

"I know it."

"Do you mean to say that you are allotting us stock at 85 when the market for it is 125?"

"Yes."

"What's the answer?"

"They've gone crazy."

"Do you mean to say we can sell ours at 125?"

"Sell all you want of it."

"And we get ours at 85?"

"It hurts to do it, but a contract's a contract and the price we gave you was 85," I told them.

An intimate friend, a stock trader whose name is known the world over by reason of the part he took during the war, came over in person to see me. He has one of the keenest minds in Wall Street. He wanted an explanation. I couldn't give it to him. He left me—unconvinced, I suspect—and came back about an hour later.

"Jack, Townsend and his friends have simply gone stark crazy. They are buying all the Allenby they can lay their hands on. Why, over in the office of W. H. Roberts & Co. they are taking it by the thousands! I happened to mention to a fellow named Dan Lackey, who was the biggest buyer there on a tip from Townsend, that I had got my own stock at 85 and that price was what you people were accepting subscriptions at, and he just looked at me and told me he was betting on Townsend. I think you ought to call up Mr. George Baldwin Townsend and find out just what he's up to. You can't afford not to know what's behind all this."

I took his advice and called up Townsend and asked him, and his answer was:

"I told you that you were making a big mistake by offering the stock at 85. All I did was to telegraph to my friends that the stock would be offered for sale to the public and that they ought to get some. They evidently followed my advice. I my-

self got to thinking it over and I bought quite a little of it. I paid as high as 92 for some. The price went up so quickly I couldn't get it all under 90. Jack, I tell you, you don't know what the automobile business is. You just watch that stock and find out!"

And that was what had happened. That man Townsend tipped off every one of his hundreds of loyal friends. Townsend didn't do it to unload. All his agents bought the stock. They didn't know Bronson & Barnes, so instead of sending us their subscriptions they simply told their own brokers in their own towns to buy it, and the brokers sent the orders on to their correspondents, who bought it on the Curb. The rest followed.

The issue was heavily oversubscribed. I think the total subscriptions by the public ran to something more than 400,000 shares and we only had 68,000 to sell. When we came to allot the stock we could only give subscribers about 10 per cent of what they had asked for, excepting in the case of the little fellows. Those who had subscribed for fifty shares or less got theirs in full, for we naturally wished to encourage the widest possible distribution of the stock.

That deal was the talk of the Street for weeks. It was most gratifying to our firm. You will understand why I have stressed our gradual preparation for this sort of business and also why I saw in the Allenby deal merely the first of many to come.

Now I'll jump forward and tell you what happened to Townsend. He had originally invested $200,000 in Allenby. Five years later he ex-

changed that for the 100,000 shares of stock we paid him for his interest. Two years after that his Allenby stock was selling at 500, so that this, the greatest industrial promoter that ever lived, saw his $200,000 grow into $50,000,000 in that time. And of course his genius made him see also what some very able business men couldn't.

The Consolidated Auto Company was being run by a partner of the bankers who had financed it. They sold a big block of bonds and improved the plant and made good cars and sold them. But they couldn't see the future of the automobile industry so clearly as Townsend. While they were running the company in accordance with sound business principles, Townsend was buying the common stock, which didn't pay dividends. He urged his friends to do likewise and they did. One of them, a retired lamp manufacturer, was so devoted a follower, and believed so implicitly in Townsend's genius, that he made more than $50,000,000 out of Townsend's automobile stocks after he was past seventy. Romance? Why, it is a wonderful story of vision and courage and persistence.

Finally one day Townsend called a meeting at the Morrisania National Bank and there he ousted the men who five years before had ousted him. He did this and then he began to expand and increase and buy everything in sight. I wish I could tell you the story in detail, but it would take too long. I'll content myself with saying that when he was obliged to relinquish his control of the Consolidated Auto Company a second time, he took a stock market loss of $120,000,000, the greatest that any one man ever took in the stock market anywhere

since stock speculation began. He still remained a millionaire. A remarkable man and a remarkable career!

A short time after the Allenby deal Percy Thomas, the famous cotton operator, brought another proposition to us. His is beyond question one of the most brilliant minds in Wall Street. It is always a pleasure to listen to him.

He came to the office one day and said, "Wing, I see you made a great success of that Allenby stock issue."

"It is an old habit of this firm's," I said. "We always do things that way." But Thomas had no desire to josh or be joshed. He said, as serious as anything:

"I know a company that needs what you did for Allenby. I was talking with them the other day and they certainly need money and need it quick. This is an opportunity simply made to order for you. You have all the necessary machinery for swinging the deal and the prestige of your Allenby success will make everything as easy as pie for you."

"Which company is it?"

"The Western Motors Company. Dick Sessions, the president, used to be the right-hand man of old Timothy Cross, the motor manufacturer. Dick went into business for himself because old Cross was too conservative. The Cross car, the premier automobile of a few years ago, is no longer the best seller. It is still as good a car as there is, but the price isn't right because production costs are too high. Sessions and a few associates had enough money to begin manufacturing a good low-priced

car. They have established the name and the business and all they need now is a plant that will enable them to increase their output and reduce costs. They have passed the experimental stage. They are losing millions a year by not being able to fill their orders."

"You've said enough, Thomas," I told him.

So while he was still there I called up Boston and told my partners what Thomas had told me about Western Motors. What did they think? Of course they thought as I did.

We made up a second party to go to Sandusky, Ohio, where the Western Motors plant was. When we got there you could have knocked me down with a feather. They had put up one large building at the start, but they outgrew it in no time. They were assembling automobiles in tents. There were about a dozen of them—great big circus tents, stretched along the railroad tracks.

Well, our experts went over the plant and the books and we finally made a deal with the Western Motors Company. It wasn't on such a profitable basis as the Allenby. Sessions had a syndicate of Cleveland capitalists that were ready to take up a bond issue, with the usual stock bonus. But he was wise enough to prefer our plan of distributing common stock widely by sales to the general public. We bought 50,000 shares at 75. We formed another syndicate and offered the shares for sale at 85, because that had proved to be a popular price and because the earnings and the dividend prospects justified it.

Subscriptions from all over the country just poured in and the issue was oversubscribed to such

an extent that after a lot of thinking we decided on a straight allotment of 10 per cent to all subscribers. This meant that the little fellow who subscribed for 100 shares only got ten. Before the books closed the stock was selling on the Curb, when, if and as issued, at a premium of ten points or more.

At the start it looked like another colossal success for Bronson & Barnes. But we had something to learn. To be sure, we had made our bankers' profit and to that extent the syndicate was successful enough. But we had failed to take into consideration several things. To begin with, we had allowed too much time to elapse between Allenby and this deal. The stock market had gone up without interruption for more than six months. The *Lusitania* break and two or three other war scares had exerted an unfavorable influence of speculative temper. The market was war-weary. It had gone stale. It was in a state in which it would take very little selling to put prices down substantially. In short, it was an unpropitious time for bringing out new stock issues.

Another adverse factor was the 10 per cent allotment. The moment the price of the new stock ceased to advance, which was as soon as the allotments were made—because there wasn't a Townsend following to buy the new shares—all the disappointed subscribers began to sell out. You have no idea how many hundreds of chaps who had received only ten or twenty shares hastened to get out because it wasn't worth while staying with a fractional lot. Under the pressure of these aggregate sales the price went down about 20 points from

high, which meant about 10 points below the subscription price.

There we were, with our second venture showing a loss to subscribers who had expected a second Allenby. The damage was not to our bank account but to our prestige. A reputation for success is valuable. It does not thrive under adversity.

Of course we began to get letters from indignant subscribers. People who had profitably followed us in Allenby now asked why we had misrepresented the facts about the subscriptions. They also wrote to the financial editors of the newspapers urging an investigation of our methods. We certainly came in for a lot of abuse; and all because the entire market sold off and Western Motors followed the general trend.

Mr. Sessions, president of the Western Motors Company, also received bushels of letters. The writers mostly wished to know how it could be possible for a stock that was reported to have been oversubscribed ten times to sell down to 77, or eight points below the price of issue.

I have a copy of the answer Mr. Sessions sent to one of his correspondents. Here it is:

"*Dear Sir:* I have yours of recent date concerning the market for our stock. Of course I know nothing about the stock-market quotations, not being particularly interested in same, except that when I saw the stock selling below the price at which Bronson & Barnes had offered it to the public I recognized that it was cheap and bought some for myself. Not a share of my holdings is for sale at this or anything like this price. The selling price

of the stock has nothing to do with the fact that the company is doing a good business, will earn a lot of money next year and will pay liberal dividends; and though I do not understand why the stock market does not value our stock higher, it does not especially concern me, because I know it is in no way a reflection on the property of our company.

"R. L. Sessions, President."

The publication of that letter helped us in our efforts to support the market for Western Motors. We had made money out of the stock and it seemed only right that we should do our best to steady the price on drives. There was no other way of proving our belief in the merits of the stock than by buying it at concessions. As a matter of fact, the price did not stay down very long. It rallied and soon sold up to 125 and higher. Later, in the bear market of 1917, it went down again. Everything else did also. But I would point out that within four years of the time we brought it out that stock sold at better than $500 a share. It was a great success and our clients again made money.

We contented ourselves with a bankers' commission. We were confident that the companies whose stocks we offered to the public would prosper. Well, if we had kept those stocks ourselves we would have made more than $40,000,000. But we stuck to our knitting. The Allenby and the Western Motors offerings were our first efforts in that line. Since then we have distributed the stocks of a large number of automobile concerns.

A few months after the Western Motors offering,

a promoter by the name of Barrows, who went about looking for good prospects, found a corporation that though in sound financial condition needed more capital to expand its business. Barrows' job was to bring together the man with the business and the man with the money. The latter didn't have to be a capitalist or a big banker; it might be a house that had customers to sell securities to. The advantage in selling stock in your company to the general public is that you get a lot of buyers who will not be larger holders than the original owners and therefore will not insist upon being represented in the directorate, or similar annoyances and intermeddling. Barrows told the Harrison Tire Company about us and brought one of the partners to our office. They asked my opinion and I said:

"Your company has now a capital stock of 50,000 shares, all owned by your three partners. You say you are earning $2,000,000 a year. If your balance sheet shows enough assets to warrant it, we believe those earnings would justify a capitalization of 200,000 shares on which you could pay dividends of five dollars a year. We would have to place that stock with the public at about $45 a share and therefore we should have to take it from you at a price sufficiently below $45 to make it worth our while. I think we could sell that stock; but, on the other hand, our customers may be fed up for the moment. We'd have to study conditions more carefully and get our experts to go over your plants and your books before we made a definite offer."

The Harrison people finally agreed to do as we suggested. The experts' reports were satisfactory and we finally bought 75,000 shares out of a total

of 200,000 of the recapitalized company, which was called the Harrison Rubber Corporation. We paid $40 a share for it and we formed a syndicate and offered it to the public at $45 a share.

Our awakening was prompt and rude. The stock, instead of being oversubscribed and selling at a premium before the books closed, wasn't fully subscribed for and the syndicate had to take up several thousand shares. It proved that the public was filled up after so many months of bull-market activities. It had no surplus funds to buy stocks with. Right after the subscription books closed the new stock began to decline and we had to buy it on the way down. There are some things you can't tell until after you try it on the dog. Our profits when we wound up the syndicate were mighty small. But at that we were lucky we did not have a loss, considering how wrong we were in our estimate of the public's desire or ability to buy stocks.

For months afterward, extending well into 1916, the public refused to buy stocks. General business was very good. Europe was buying all sorts of supplies here and sending us all the gold in the world to pay for it. Prices of everything were rising. But the public would not buy stocks. Our best business minds, the wisest financiers, could not understand why a stupendous boom wasn't going full blast with such an export trade as ours. They began to talk that way for publication until everybody in the United States was positive that the money center of the world had moved from poor old London to imperial New York.

Finally the market definitely turned. The public began a carnival of stock buying—known as the

war brides' boom—that went to dangerous extremes. We, in common with all other conservative houses, feared the consequences of the inevitable day of reckoning and we began to urge our customers to take in sail. We insisted on their taking what profits they had, or even losses, and we succeeded in getting most of them out before my friend, Jim Tobin, on his return from Europe, stated in a widely circulated interview that the European war must end shortly—in which case good-by to our war profits—or else the United States must get into the war; in which event, we must look for war taxes and various disturbances. The stock market had a very bad break and the historic bull market of 1916 was at an end. Prices declined steadily from that day on. They did not recover in full until three years later.

The entrance of the United States into the World War had the effect of dislocating the banking and brokerage business so completely that everybody perceived it. This led well-meaning people in all sections of the country to remark that as we all seemed to get on so well without bankers and brokers we might try continuing to do without such expensive luxuries after the war was over. Of course what happened was that the financing of the war absorbed whatever surplus capital accumulated, and the war taxes took a large portion of the profits of every business. There wasn't much left for bankers and brokers to do any private financing with; and moreover, they were mighty busy helping a nonpaying client, Uncle Sam, finance that self-same war.

Our initial war job was to help float the First

Liberty Loan. Every reputable stockbroker in the United States automatically became a government bond broker. The members of the New York Stock Exchange cheerfully agreed to take all the bonds they could carry, and in addition they did their best to induce all their customers to buy Liberty Bonds instead of speculating in stocks. A committee appointed to act for the members of the Stock Exchange sold more than $300,000,000 of the 3½'s.

During 1917 and 1918 stockbrokers did not make expenses. We were not allowed to sell any bonds except governments. If a house sold bonds of its own instead of helping Uncle Sam it was instantly blacklisted. Only banking houses which had foreign contracts made any money. The war is over and we brokers did no more for our country than was done by millions of other decent Americans. But remembering how our business fared those years, I have to laugh every time some demagogue in the Senate rants about bankers and brokers engineering wars in order to make money out of the sufferings of peaceful millions, and so on.

In 1919 we had the period of inflation which the Government's colossal war expenditures made inevitable. Our business grew in every direction. I mean, our firm did a large business in stocks and bonds and in flotations. Manufacturers turned out all kinds of goods in enormous volume. Everybody bought everything. Prices were inflated. So were wages. So were our heads. So were taxes. When the United States Supreme Court handed down its decision that a stock dividend was merely a distribution to a stockholder, in a different form, of assets which he already owned and therefore were not tax-

able, it was to be foreseen that a boom in stocks would follow. Indeed, it was an orgy of speculation. It was reasonable to expect that every company which had accumulated a surplus larger than it actually needed would declare stock dividends. From discriminating in the purchases of certain classes of stocks the public soon began to buy all sorts of securities of money-making companies.

Before the inevitable crash came, our firm successfully handled various kinds of industrial issues. There were times when we did a commission business of more than 125,000 shares a day for weeks at a stretch. I think our firm's high-water mark was 195,000 shares in one session. More than 7,000 transactions went through our office on that day. We used to be three and four hours late in making reports. Our clerks often slept in hotels at our expense because they would finish their work too late to make the last train home. That year—1919—we paid our help more than $600,000 in bonuses.

My object in trying to show our growth is to make clear the development of the stockbrokerage business. It is easier that way to trace the differences between to-day and twenty-five years ago. When our railroads were built the money was raised by promoters who sold the necessary securities. Then we began to incorporate other industries and, as a long second step, to deal in those securities in a large way on the various stock exchanges. The first industrials were combines, or trusts, or near-trusts. They comprised stocks like Cordage, Sugar, Distillers, Tobacco, and so on. The public used to trade in these on the exchange; but they were in the "unlisted" department. That obviated the neces-

sity of furnishing information as to earnings, condition, and so on, to the exchange authorities. Being unlisted, the exchange vouched for very little. Operations in them were almost entirely speculative. That is what made industrials undesirable in loans for so many years. The banks simply refused to accept collateral in which there was more than 10 per cent of industrials. They were the pariahs of the ticker, and justly so, for there were some amazing cases of market milking in those days by insiders or cliques of professional speculators who had little interest in the welfare of the corporations themselves. The early history of the first industrials is as lurid as the story of Erie in Daniel Drew's time.

Well, the raw work is done away with. The Stock Exchange makes rules and enforces them, with the public's protection in mind. Everybody to-day recognizes that the broker who protects his customers is really seeking to establish a permanent business. The financial mortality among the customers of commission houses is much lower than when I first went to work, not so much because of the stricter enforcement of Stock Exchange rules as because of the more intelligent attitude of stockbrokers toward their own business. I do not say greater honesty because it was not deliberate or even conscious dishonesty in the old days that did the chief damage. It was rather a sort of fatalistic belief that all customers came downtown to gamble. From this grew the old brokers' fancied need to plan for one endless succession of brand-new customers; and that, everybody now admits, is bad business.

To-day, reputable brokers sell to the public the

stocks of all sorts of corporations, and the fluctuations in the prices of those same stocks follow not the manipulation of a clique but the trend of trade conditions. If there is prosperity the profits increase, and that means increased value of the stocks, and greater values mean higher prices. The public, when it is asked to buy those stocks, is really invited to become, first of all, partners in the enterprise, and after that, speculators in the stocks. This is exactly the opposite of the old methods.

As stockbrokers of the modern type, our firm has sold all kinds of industries to the general public—greatly, I may observe, to that public's profit. Nearly every industry depends directly for its prosperity on that same public, and public ownership of such industries through stock holdings is not only a form of partnership but a form of profit sharing. We have sold shares of automobile factories and steel companies, of makers of beds, of patent medicines, of automobile accessories, of oil companies, and copper mines and other things. We have helped to capitalize, in one way or another, industrial efficiency, good salesmanship, mechanical ingenuity, medical formulas, faith in the United States and business vision. I am justified in saying that in selling to the public the stocks of all sorts of corporations we really have sold the American spirit to Americans.

I'll take the case of the Tucker Taffy Company. Those of our customers who followed our advice and bought the stock when we offered it to the public have had excellent dividends from it as well as a pleasing appreciation in price. It turned out to be a good venture. And what were we really sell-

ing? A set of factory buildings? More than that. A name? More than that. An efficient management? More than that. A long-established money-maker? Well, we sold all those things and more when we sold Tucker Taffy stock at forty dollars a share. The physical assets or actual tangible property was barely $10,000,000, but we sold it on a basis of $40,000,000 because we included the good-will. You see, the company was earning at the rate of about 15 per cent on the forty millions. That capitalization wasn't water. It represented the actual expenditure of vast sums properly chargeable to capital account. I said at the time that what we really sold was Beverly Tucker himself; and that man is a bargain at anything under a hundred millions. He had built a huge business which suffered from the misfortune of being all his, so that when it became very big and very prosperous he was forced to consider the problem of making it safe for him to continue in it. Year after year it paid enormously so that he found himself a multi-millionaire, highly vulnerable from the income-taxable side and yet with assets that were not liquid enough to make him comfortable thinking about it.

Tucker started his taffy-making business with thirty-two dollars of his own and some money he borrowed from a few trusting friends. He was successful from the very start in every way. You see, he went about his business not only logically but enthusiastically and not only enthusiastically but wisely. Other taffy makers had grown rich—and careless. He considered the problem from all angles, particularly his countrymen. He made sure

of what he suspected—that Americans liked candy and liked to be doing something, physically. So he synchronized the operation of their likes by giving them a delicious taffy that they would have to chew a long time.

The late Lord Northcliffe once told me that Americans were beyond question the most talkative people on earth. But I suspect that Tucker's subtler insight did not confound the nervous craving for maxillary activity with an irresistible hankering for speech. At all events, Tucker saw to it that whoever bought his taffy got full value in chewing. He developed what might be called the Marathon masticability of Tucker's Taffy. You could run your jaws at full capacity at a cost of about one cent an hour.

Having concocted a first-class taffy the problem became to sell it to everybody. It was firmly fixed in his mind that the ultimate consumer was the payer of dividends, and he went after him. He got him. It made him a millionaire.

To-day, after thirty-odd years of strenuous business life, Tucker is a man of sixty who looks what he is—a young man. He has the vitality and vim of an athlete, the mental elasticity of an artist and the alertness of a particularly wide-awake youngster. He is generous and broad-minded, with a friendly outlook on things and men and a highly satisfactory philosophy of life. He is forever helping some person or group or party because he is a strictly logical creature. He sells his taffy to everybody; therefore everybody is his customer; therefore everybody is his friend—don't they give him

millions of spending money a year? His human contacts all his life have been those of a man who must keep in touch with millions of human beings who use jaws made in America. He owes something to those jaws. He gives his best to them. What is the result? That he is now getting his dividends from his wholesaling of goodwill.

Of course it is easy to say that only by advertising could he get the needed millions of customers for his taffy. But he did more than advertise; he superadvertised. He subordinated nearly everything else to that one need of his as a business man and as a human being living in this particular country at this particular time. I will not bore you with statistics, but this man Tucker is perhaps the second greatest plunger in advertising in the United States. One reason for this is that he had to; but a stronger reason is that he liked it. To make his taffy known has given him greater pleasure than to make it salable, for he says it sells itself—once it is known. He can't bear to have his taffy less known than it is, and eternal advertising is the price of his happiness—and of the accretions to his capital. He paid $100,000 a year for an electric sign on Broadway, paid it cheerfully, for a dozen years. One day he came to my office, his face radiant with joy.

"What's happened?" I asked him.

"The Millard Building is going to be torn down."

"Is that so? Where will you move the sign to?" I asked.

"Nowhere. I'll save $100,000 a year."

"You could have saved it any time you wished," I observed mildly.

"No, I couldn't," he said so emphatically that it puzzled me.

But I said: "If you had stopped using the Millard Building roof you wouldn't have had to pay, would you?"

"I couldn't have stopped. That was the deuce of it."

"Why not?"

"Somebody else would have used it for advertising something else. The public was used to seeing Tucker's Taffy there. To have seen something else in its place would have implied that something else could take the place of Tucker's Taffy, wouldn't it? I tell you I couldn't let go, and I don't think that as a cold-blooded proposition I needed to spend that money that way. I could have spent it to better advantage in some other form of advertising. I am not thinking of reducing my advertising appropriation; on the contrary. But it is a relief that that building is coming down."

Advertising, to Tucker, is an art. It may also be a science or, at least, there may be sound scientific reasons for some of the things that Tucker does. I think he feels as well as thinks advertising. It is his favorite form of self-expression. It enables him to talk to 110,000,000 compatriots, for to me his advertisements read exactly like him. It is always Beverly Tucker talking. To hear him talking casually in the smoking compartment of a Pullman is almost like listening to some one reading aloud from one of his newspaper advertisements. He believes in Beverly Tucker because he believes in Beverly Tucker's countrymen and in Beverly Tucker's taffy, and so believing he does what he

thinks he ought to do. That is why nothing that he does in his business is a gamble. He is right in his motives. He can't make a fizzle.

Let me tell you a story about him to show that even when he seems to take chances he really is betting on a sure thing. Tucker and a party of steamer friends, finding themselves in Egypt, decided to go up the Nile. They made the necessary arrangements, which in this instance consisted of going to the tourist office and asking them to take charge of the party. A program, or itinerary, was drawn up, each stated what the cost would be, filled in the dates, and so on. The tourist office also detailed one of their men, a young Scot by the name of MacNeil, to take charge.

The party went up the Nile. They saw whatever there was to be seen with the least possible discomfort. In addition to seeing ruins, monuments, sarcophagi, excavations, fellahin, sand, date palms and other Egyptianisms, Beverly Tucker noticed the little Scotchman, MacNeil. He was highly efficient. If they arrived at some point where a commodious dahabeah should have been waiting, as promised by Cook's office in Cairo, and there was no sign of said craft in sight, before the chronic kicker of the party could express his pained surprise that Cook's had flunked again, MacNeil just went ahead and got a dahabeah somehow, somewhere. He chartered it or bought it or built one, and the party got off as per schedule, and MacNeil did not talk about it. He never fumed or fussed or fretted. He listened patiently to all sorts of complaints about the food and the fleas and the heat and the sand and the smells and the bazaars' graft and the

fakirs, and he never said it wasn't in his list of duties. Nobody ever peeved him and nothing ever flustered him. He was always polite, cheerful and close-mouthed. When he spoke, it was always in a pleasant tone of voice.

One day Beverly Tucker, the American taffy king, who began business with thirty-two dollars of his own and what little more he could borrow from optimistic friends and lived to advertise himself into a fortune of millions, found himself alone on the dahabeah with the Cook's man, who had just untangled another difficulty.

"I say, Mac," asked Beverly Tucker amicably, "how much are you making on this job?"

"D'ye mean my wages?" asked MacNeil.

"Yes."

"Five hundred pounds a year," announced MacNeil. It was plainly to be seen that the little Scotchman thought it no end of a good berth.

"How would you like a job with me at $10,000 a year?" asked Tucker blandly.

Now MacNeil was young and, being Scotch, was ambitious and did not look with disfavor on siller. But certain forms of jocularity might indicate certain forms of dementia or they might spring from an overdeveloped or Americanized sense of humor.

Playing safe, MacNeil watched Tucker's face intently and asked innocently: "What was that, Mr. Tucker?"

"I asked you how you would like to work for me for $10,000 a year?"

MacNeil showed that he was Scotch by cautiously answering Tucker's question with one of his own: "Doing what?"

"I don't know," answered Tucker.

"Then I'll have to think it over, Mr. Tucker."

"Very well," said Tucker. "Tell me to-morrow."

The next day MacNeil sought the American taffy king.

"I say, Mr. Tucker?"

"Yes, Mac."

"I'll go with you."

Tucker looked at him unsmilingly. At length he said: "I still don't know what you'll have to do."

"That's all right, Mr. Tucker," said MacNeil, already talking American.

"Mac," asked Tucker curiously, "what, exactly, is the difference in my offer between yesterday and to-day?"

"I thought about it last night."

"And what did you think that made you accept to-day?"

"I thought that I would be making $10,000 a year," answered Mac.

"And that was enough?"

"Oh, no."

"What else was there?"

"That I'd be working for you."

"You're on!" laughed Tucker.

Well, Tucker brought MacNeil back to America with him. He told a Chicago friend, a banker, what he had done.

"You don't know he'll be worth that to you," remarked the banker.

"Certainly I know it."

"No, you don't. You're taking a chance that he will be."

"So are you taking a chance when you cross the

street on a rainy day," said Tucker, "only my risk is smaller. I've seen this chap in action; watched him for weeks. He always managed to do well and on schedule time whatever he had been hired to do; and he never made a fuss about it. His patience was colossal and his cheerfulness extraordinary. He had a head and he used it—and he was always on time. No friction. No breakdown. What in blazes do you want me to do, wait until he is president of your bank before I hire him as office boy? I bet on a sure thing when I bet that I could get $10,000 worth of him a year."

"You saw him on his own job. You don't even know what job you'll find for him here."

"The job is easier to find than the man. I've been selling taffy to the American people for twenty-five years. Now, Bill, you just watch me get my $10,000 worth out of little MacNeil," said Tucker.

To-day little MacNeil is the vice president and general manager of the Tucker Taffy Company and is making a good deal more than $10,000 a year. Tucker found a good investment on a dahabeah on the Nile. He put money and friendliness into it. It has paid him good dividends—in cash and in comfort.

Now, Tucker for years made millions out of his taffy business, but he spent them as fast as he made them. His outlet was advertising. His sales increased steadily. In thirty years of taffy making and taffy selling he spent $42,000,000. And then came the war and the increased costs of production and, on top of that, the surtaxes. And when peace came the surtaxes remained. Conditions were such that the need to recapitalize his business became

more and more urgent. Finally he came to us. He had bought stocks and bonds for investment through one of our branches and he had heard of us from friends. We brought out a big issue of Tucker stock. It showed net earnings of close to 15 per cent per annum. It was a successful deal from our standpoint—that is, we sold all the stock to customers who were glad to get it.

However, the point I wish to make is this: The price at which we sold the stock made the market value of the capital stock something like $65,000,000. The actual value of the physical assets of the company was under $30,000,000. In the old days we would have heard shrieks of "Water! Water!" and we might have had trouble in disposing of the stock. Certainly we would have had a dickens of a time trying to sell it to investors. In the case of the Tucker Taffy Company stock we were selling an intangible but none the less real asset—to wit, the goodwill.

That item was properly capitalized. For many years the bulk of the profits had been put back into the business. It was not used to enlarge the plant or to increase the acreage under roof, but to enlarge and improve the merchandising machinery—that is, developing the most important part of the business—the selling end—by advertising. Forty-two millions of dollars went into that part of the plant. Where do you find that item in the inventory? It was a cash outlay and it must come under the head of goodwill. The reason why the Tucker Taffy Company does a gross business of $1,000,000 a week is that same cash outlay. There is nothing illusory or aqueous about the net profits of several millions

a year legitimately paid out in dividends to the stockholders who paid for the goodwill as well as for the bricks and mortar of the factory buildings. Since the stock was brought out by us the price has risen nearly 20 per cent, because instead of yelling "Water!" the public to-day knows that what it buys or sells when it buys or sells Tucker Taffy stock is plant plus goodwill; also Tucker's genius and the world's fondness for a good sweet.

You will remember that our first successful venture in modern stock selling was in Allenby Automobile stock, and we followed it with Western Motors, later selling other issues of other motor stocks. We were very successful with most of these, and having been pioneers in that field, we felt we had an inside track on such business. It was natural that we should think well of the stocks of certain companies engaged in the manufacture of the more important automobile accessories. Of these companies the one I had my eye on from the first, by reason of the excellence of its product and the magnitude of its sales, was the Jenkins Ignition Device Company.

The business was not only profitable but so well conducted that it had every indication of permanence. The company made the simplest and best device in the market, and all the better makes of automobiles carried it as part of their stock equipment. Its history was practically the history of the development of the American automobile industry. For twenty years the Jenkins family had owned, managed and operated the works in Ohio. They took great pride in their plant, in their reputation, in their workmen and in their home town. And

their workmen and fellow townsmen felt for them a sort of pride and loyalty difficult to describe without gushing.

The principal owner was George, the eldest of the Jenkins brothers; but all the Jenkinses were unusually able business men and excellent specimens of the Middle Western American. This I consider very high praise. I had a mutual friend introduce me to George R. Jenkins, and I tried my hardest to induce him to recapitalize his family's business so as to enable the public to come in as his partners. But he couldn't see it.

I explained as eloquently as I could that I not only did not wish him to part with the control of his property but that I would insist with all my might on his retaining a substantial majority of the stock. We were anxious to buy from him—and sell to the general public—a big block of Jenkins stock, provided the Jenkins business continued to be Jenkins managed. The family's interest and pride in the success and prosperity of the business must be maintained, and I knew of no better way than by their remaining in control. In other words, we insisted on buying a minority interest which must remain a minority interest.

He listened with the exquisite politeness of a man who has made up his mind not to let you know how patient he is in listening to you at all.

After I was done speaking, he said, "My dear Mr. Wing, I have all the money I can possibly need and I have all the business I can handle. Our first thought—the thought we had when we started this business—is still our chief aim, which is to turn out the best we can. By sticking to this we have earned

a firm reputation which has given us the trade and the profits. We are so anxious to make sure we are turning out the best device that can be made by anybody anywhere that we do not merely assemble it. We make every bit of it from the raw material up. It is an expensive process, but the quality is there. The fact that our family might make $125,000 a year more if we were less finicky doesn't appeal particularly to any of us, as we all have all the money we want. If we were a corporation we'd be under pressure to introduce economies in order to increase the dividend rate in order to put up the price of the stock. As we are, we do what we think best. Ours is a Jenkins product made by the Jenkins brothers. A good name is rather to be chosen than great riches—particularly when you already have the riches. We have no conflicts of opinion as to policy or squabbles about the dividends or any of the annoyances that attend meetings of the boards of directors of corporations. I can't see that you have given me any sound reasons why I should dispose of my very profitable business or why I should stop being proud of being at the head of it."

"I told you I insisted on your remaining at the head of it and in full control of your business," I said. "We don't ask for any more than that you should keep on running the business the way you have run it since you started it. That's what we want to buy from you because that is what we wish to sell to our customers. But we believe firmly that your interests would be best served by recapitalizing your business and selling a part of it to the public. I know you have all the riches you need.

I don't want to give you more riches, but to change for the better the character of the riches you already have. I wish to make your fortune more liquid, not merely greater."

"I am just as much obliged to you, Mr. Wing. Call again any time you feel like it. I'll be delighted to show our plant whenever you are in town. But our business will never be for sale," said George Jenkins.

"Well," I told him, "I am sorry you won't let us do you a good turn just now. We have the market to sell the stock in and it may not be here when you change your mind and come around to our views."

"Don't worry about that," said George Jenkins rather grimly. Then he shook hands with me as friendly as anything.

That was in 1916, shortly after our Allenby promotion. Of course I tried again. As regular as clockwork at least twice a year I would ask Jenkins to accept our proposition. But he merely smiled and remarked he guessed not.

George Jenkins had a friend, Timothy J. Harrison, who was president of the Harrison Steel Castings Company. They came from the same town, went to the same school as boys, went to work in the same shop—the Whitlock Engine Company—on the same day, worked together, advanced together, and finally both quit the Whitlock Engine Company on the same day and each went to work for himself, Harrison in steel castings and George Jenkins in the manufacture of an important automobile accessory. They prospered greatly and their friendship continued unimpaired.

Our firm had brought out an issue of Harrison stock. It was a successful operation, for not only did the market price go up but we were able to develop a national market for the stock. I may say that at first we met from Harrison pretty much the same objections that we heard from Jenkins. Harrison also was proud of what his name stood for. He had begun in a small way and had expanded amazingly. Indeed, it was the very magnitude of his industrial and financial success that enabled us eventually to swing the deal, for his lawyers agreed with us that if he were to die and leave to his family his holdings of the stock of his own company, the sorrowing heirs would be faced with the necessity of having to live exclusively on the steel-castings industry and sink or swim with it. And, worse still, they would own stock of a close corporation for which there was no ready market. So his lawyers advised Harrison to recapitalize as we suggested, and not only get some cash for some of his property, but also make a market on which to sell more stock if it ever became necessary to do so. He agreed and we brought out his stock and made a national market for it.

One day Harrison died. He was a fine man—a good friend and valued customer. Well, we were able, a few months later, to convert a large block of Harrison stock into cash, thereby making it possible for the executors to carry out, under the orders of the court, the wishes of our late friend, and pay bequests and donations specified in his will.

I imagine that Harrison's sudden death made George Jenkins do a heap of thinking about his own affairs. One of Harrison's executors happened to

tell him one day how well we were making out in the sale of millions of dollars of Harrison Steel Castings stock and congratulating the Harrison heirs on their father's foresight. The following week Jenkins called at my office. He had an account with us and we had been getting occasional orders from him, chiefly investment purchases of stocks or bonds.

He got down to business right off.

"Mr. Wing, I once told you I would never part with any of my Jenkins stock, didn't I?"

"Yes, you did, and it is about time you changed your mind," I said.

"You still think I ought to do it?"

"I'll always think," I said, "that you ought to reduce your ownership without losing control of the property. The money you and your brothers would get from selling, say, a 25 or 30 per cent interest in the business, could be invested in tax-exempt bonds. At this moment you are paying to the Federal Government as high as fifty-eight cents out of every dollar of your yearly profits. You are letting Uncle Sam take most of your income away from you without any compensating advantage to you or anybody else. By shifting a part of your fortune from your accessory business to tax-exempts, you not only save money but diversify your investments. Also your income won't vanish altogether if hard times should come to the automobile makers. Moreover, if after you adequately recapitalize your business, you should let us sell a part of it to the public, you will develop a market on which you can sell Jenkins stock for cash at a moment's notice, without having to sacrifice it or spend months

trying to find a buyer. Your stock may be earning 20 per cent net per annum, but you cannot sell any great quantity of it on a basis that will be fair to you. But if you do what I suggest, all you would have to do would be to give us an order to sell so many thousands of shares and we'd go over to the exchange and do it. Moreover, you should remember that the inheritance taxes are high. There is no open market for your Jenkins stock, so, when in the fullness of time you are gathered to your fathers, the internal-revenue experts will appraise the value of your estate. It may be a fact that your business could not be sold for a cent over $10,000,000. But you can bet your life that if your net earnings are, say, $2,500,000 a year, Uncle Sam will tell you that your stock is to be valued on a 10 or 12 per cent basis, which will mean inheritance taxes figured on a basis of a value of $20,000,000 or $25,000,000 for your estate. Where are your heirs going to raise the millions of cash needed to pay the tax? Sell a block to some banker who knows you simply have to sell? Do you see any capitalists falling all over themselves to pay your executors a high price for what must be sold?

"Well, if, instead of all that, you recapitalize the Jenkins business adequately and sell a block of the new stock to us, you will get a large amount of cash to buy tax-exempts with, you will have a market for all your stock, and coincidentally make the general public your partners."

"There is something in what you say," admitted Jenkins so grudgingly that I instantly asked him: "When do you wish us to make an offer for a third of your capital stock?"

"I am ready to consider one any time," said Jenkins.

"No time like the present," I said.

So I began to ask Jenkins all manner of questions about his business, all of which he answered promptly and frankly. The more he told me the surer I became that it would be a desirable deal for everybody.

"From what you tell me," I finally said to him, "I should say your capital stock should consist of 1,000,000 shares of no par value. We could sell 300,000 without any trouble. Your net earnings justify a dividend rate that would make that stock worth between thirty-five and forty dollars a share."

"Oh, the dickens!" shouted George Jenkins in a horror-stricken voice. "Never!"

I thought he thought I was giving his stock away, so I said, emphatically: "The public won't pay more than that, and I wouldn't ask them to."

"I should hope not!" he exploded. "Just because you have customers who will take your advice is no reason why you should stick them."

"What?" I asked him, puzzled.

"The price is too high," he said.

"Not at all," I denied. "We figure on selling your stock to the public at a price that will yield the buyer about 10 per cent on his money and in addition share in any future increase in the profits of a well-managed and growing business. We have a right to assume that you will continue to grow for some years to come. You would be keeping up the record you have made from the start. That deal is good for the public and equally good for you."

"Yes," he growled, "it's all right for me. I am for doing all the business I can, but always on a conservative basis. I don't want any inflation."

"Mr. Jenkins," I said to him, "we are as conservative as they make them. Usually we are the ones that have to insist on conservatism. I gave you a price figure only tentatively, after hearing from your own lips what your earnings were. I suggest we leave those details for later on. Get back home and consult with your brothers, and if you all wish to let us sell to the general public a one-third interest in the Jenkins business we'll send our experts to go over your books and inspect your plant."

"What's that for?" He was frowning.

"To determine what would be a fair price for your property—fair to you and fair to the buyers," I said.

"I'll tell you right here and now: I think $20,000,000 is a fair price," said Mr. Jenkins. "But $35,000,000 or $40,000,000? Good night!"

"Just because you are unwilling to cheat a stranger out of a dime is no reason why you should want to cheat the Jenkins family out of $20,000,000."

"Don't I know how much my own property is worth?" he asked me.

"It doesn't look as if you did," I answered. Then I began to laugh. I couldn't help it, when he looked at me so perplexed. "Just let us send our experts to your plant, Mr. Jenkins, won't you? Then, when they get through, I'll show you their reports. It will be an unprejudiced expert view of your business—plant and prospects and every-

thing. Just keep an open mind in the meanwhile."

"Very well," finally consented Mr. Jenkins.

We sent out our men as agreed, and their reports confirmed my estimate of the value of the Jenkins company. So we had another conference, but George Jenkins still balked at the price we suggested. His two brothers were present, but they just looked on and nodded when George said yes, or shook their heads when he said no. They also were Jenkinses—able men, straight, square, proud of their reputation; and George's point of view was also theirs. I used every argument I could think of to bring him to meet my views as to price. But when I outargued him out of one objection he would find another and I had to do more talking. We finally adjourned without coming to an agreement. We had three meetings at which nothing was done except waste lung power. You would have thought that I was trying to cheat him when I insisted on paying him $10,000,000 more for his property than he wished to accept.

His pet remark was: "I know what our property is worth. I know what the business will earn. If we sold our stock on the basis of $20,000,000 I would feel it was a pretty good price for me, but I still could look the buyer in the face because I'd know he had not been stung. Now, I have no doubt that Bronson & Barnes could sell it for thirty or even thirty-five dollars a share, but I can't see that your ability to sell it makes it worth that price. Moreover, if you did sell it for thirty dollars a share you'd find that the price would soon drop to around twenty dollars, which is what it is really worth. There'd be a lot of people who'd lose money buying

Jenkins stock, wouldn't there? And when they'd blame somebody, who would it be? Bronson & Barnes, who are only the brokers, or the Jenkins brothers, who are the principals? Answer that, Mr. Wing!"

I could see by the way he looked at me that he thought he had stumped me at last. But I said to him as earnestly as I could: "Mr. Jenkins, I assure you that Bronson & Barnes are even more anxious than you not to sell the stock too dear to the public that gives us our living. We believe that your stock, on a basis of a total capitalization of 1,000,000 shares, is worth over thirty dollars a share. We arrive at that figure from an impartial examination and expert analysis of your concern and its record and prospects. We are positive that the public agrees with us rather than with you about the value. We have studied our own business as carefully as you have yours, and I tell you frankly that you would hurt rather than help the deal by putting out the stock at too low a price. The average investor is afraid of bargains. He wouldn't say, 'That's a grand opportunity.' He would ask, 'What's wrong with it that it is offered so cheap?' That's the public!"

"The only public I consider is my public, which consists of the people who buy goods," said George Jenkins. "They pay me a fair price and I give them the best that can be had for the money. That's why they come to me and keep coming. If you should tell the wide world that the Jenkins business was paying dividends on a $30,000,000 capitalization they would instantly swear I was making too much money, which means that I was

charging them too much. Now, I am not making too much money out of them and I never shall. We ask a fair profit and a large output. That is why I will not overcapitalize the business."

This was at our fourth conference. So I now got up and told him: "Well, Mr. Jenkins, we don't seem to agree on the capitalization, which is a matter in which we are experts and you are not; so, if you insist that we must do business on the basis of either a $20,000,000 value or not at all, I quit right here. We know our business, which is the selling of securities at such prices as will proye profitable to our customers so that they will keep on being our customers. We naturally wish to identify ourselves with successes. We endeavor to accomplish this by having in mind the contented client. But it isn't good business practice to offer for sale something that looks too cheap to be attractive to buyers of sound securities. They ask: 'If the owners don't think the stock is worth over twenty dollars a share why should we buy it at that price? What's the inducement?' I tell you, twenty dollars a share is a poor figure to sell a stock at, Mr. Jenkins. If you hold out for that, we can't do business, Mr. Jenkins."

I could see the struggle in the mind of this fine type of straight-dealing, modest American business man. It struck me that it would be difficult to make people believe that a manufacturer these days would be so keen about not overcharging.

At length he said: "Well, Mr. Wing, I want you to sell the stock. I can't agree to your price. But I'll tell you what I'll do: I'll sell it to you at twenty

dollars a share and you must agree to sell it to the pubic for not more than twenty-three dollars. I am willing to meet you halfway."

I laughed and shook hands with this remarkable man, who had built up in a relatively few years a business that we valued at $35,000,000; and was so anxious not to ask too much for what he had that he preferred not to sell at all to selling at the price the buyer was so anxious to pay, which meant he was knocking off between $10,000,000 and $15,000,000.

"We accept!" I told him, but I intended to modify the terms in fairness to him. As a matter of fact at the final conference we reached a further compromise. I induced the Jenkins family to accept twenty-one dollars a share for 400,000 shares of no-par-value stock out of a total capitalization of 1,000,000 shares, and this stock we were allowed to offer at twenty-five dollars a share.

We duly brought out that issue of Jenkins Ignition stock. It was all taken in a jiffy because the price wasn't too low to arouse suspicions as to its merits. There was no secret about the earnings or the reputation of the Jenkins family or the history of the company from its inception. Within ninety days from the date of issue, the stock was selling freely in the open market at thirty-seven dollars a share.

George Jenkins happened to be in my office one day when a boy came in with a slip on which were the latest prices of some of the stocks which our firm had brought out. There is no ticker in my private office and one of the boys outside sends in

items that he thinks might interest me. So I read the slip and said to Jenkins: "Jenkins Ignition, 36¾, and pretty active."

"Yes," said George Jenkins.

"The public," I couldn't help saying, "seems to have a much higher opinion of the Jenkins business and the Jenkins brains than Jenkins himself ever had."

"Yes," said George Jenkins.

"Well," I said consolingly, "after all, it is probably better for the customers of Bronson & Barnes to buy Jenkins at 25 and see it go to 37 than to buy it at 35 and see it go to 20, which is about what it is worth. Don't you think so?"

"Yes," said George Jenkins meekly.

I laughed. He looked at me so reproachfully that I said, "Well, that price is about the nicest compliment that a modest man's fellow countrymen can pay him. The willingness to pay 37 for Jenkins reflects their confidence in Jenkins Ignition because Jenkins is still running the business."

"Do you think so?" he asked and looked mighty pleased. And it occurred to me that, after all, to a man who has millions, a few millions more or less won't matter so much as the confidence and goodwill of those who do business with him.

Early in 1923 the general stock market entered into a period of declining prices and Jenkins stock went down with the rest. The high price had been 38. It went down gradually until it sold at 30. There it met what financial writers are so fond of describing as bankers' support.

As a matter of fact we didn't support that stock.

What we did was to buy it for a customer of ours, by the name of George R. Jenkins. We did not suggest to him that it would be a graceful act for him to do such a thing. But he and his brothers happened to have oodles of money together with plenty of family pride, and they all agreed that after Jenkins stock had sold up so high because the public thought so well of it, it should not be allowed to go down too much. They did not wish to see it break 30; so Brother George telephoned us an order to buy a big block at 30 to 31. It checked the decline.

A couple of days later he called on me.

"Well," I told him, after we had shaken hands, "we got your stock for you, cheap. We didn't pay over 31 for any of it. That's the same stock you sold us at 21 that we wanted you to let us sell at 30."

"Yes," he said simply; "you were right and I was wrong. But we had made a heap of money out of the business and had lots of fun making it so that the dollar part didn't look so big to us as it did to an outsider. The earnings have increased and the stock is really worth more to-day than when you brought it out. When the market began to slump I couldn't see why Jenkins should go off, but it did. So I made up my mind that Jenkins Ignition was worth 30 to me if it had been worth 38 to others a little while before. So long as I think that stock is cheap and I have the money to buy it, not one of the original buyers is going to lose anything on his Jenkins stock."

Since that time George Jenkins has sold the stock

when it got above 45, and bought it on recessions. Up to date he is a buyer on balance. The price is around 40. The excessive surtaxes and the need to provide for the payment of the inheritance taxes made him take in the public as junior partner in a prosperous business. And the public got a 10 per cent investment out of it.

I would say here that the solicitude of the controlling interests of a corporation about the market record of their stock is nothing unusual. There is the case of the Heineman Baking Powder Company, which for many years was run as a one-man business. It was founded by Henry Heineman and by him bequeathed to his only son, William. The old man was a remarkable character, keen as a razor, ingenious, hard working and financially fearless. He built up a perfectly enormous business. His son also happened to be a business man of exceptional ability and he saw to it that the Heineman Baking Powder Company grew until its gross sales ran into the tens of millions. But it remained the exclusive personal property of Mr. William Henry Heineman, and eventually it became so profitable as to prove too costly a luxury for even so immensely wealthy a man as Mr. W. H. Heineman. At the peak of his business prosperity he was confronted by the same problem as the Jenkins family. He also decided to take in the general public as business associates. A stockholder was in a measure a partner in the business, which Heineman continued to control and to manage and expand as shrewdly as when he owned 100 per cent of it instead of 75 per cent.

When it came to selling the stock, what Heineman did was to make a deal with a well-known firm of brokers whereby he paid them a commission for making a public offering of a big block of Heineman stock. He on his part agreed to put up the price and make a market for the new shares. He had a good cheap stock to work with; it was brought out at thirty dollars a share and was earning better than four dollars a share. On slumps he bought enough of it to convince the public that insiders thought it indeed a cheap stock around 30. When it rose too high or too fast he sold, and bought again when it became too weak. The result was that within eighteen months he succeeded not only in making his vast wealth more liquid but in increasing the value of the famous Heineman business something like $50,000,000. He did not make this money in the stock market at the expense of trusting widows and helpless orphans, but by sharing his business with the public at a fair price he made his entire property more easily disposable at a higher price than that at which he sold the third interest to the public. The public in turn—or that part of it included among the original subscribers—made a lot of money when the stock went up and Mr. Heineman is a richer man than ever, besides having some of his riches in first-class tax-exempt bonds.

That is how and why many of the most successful business men in the United States have incorporated themselves. By admitting the public into joint ownership of the business the original owners have lightened their tax burdens, made their wealth

much more liquid, and have provided a sound method for paying the heavy inheritance taxes. It is an intelligent way of solving their problem. The stockholding public, don't forget, become boosters instead of bomb throwers.

The instances I have given are enough to afford a basis of comparison between the stockbrokers' business of to-day and that of a decade ago. The capitalizing of the good-will is nothing new. It has always been done. But the novelty lies in the recognition of the partnership of the public in all sorts of business enterprises through ownership of stock. The appeal to the public is not to stock gamblers, but to investors who will take their chances along with the majority owners of those same businesses. The public is willing to go in whether the company makes paper, paraffin or potato flour, so long as it is a well-managed business with a good dividend record.

And here is the vital point of difference to bear in mind: We do not buy the controlling interest and sell it to our customers. We insist on the majority interest remaining with the man or men who have made the enterprise successful. We do not sell to our customers any banker-owned or banker-run companies. It isn't fair to the people to whom we sell the stocks. We must have expert management, and none can be better than that which has built up a business and made it profitable. I could tell you a story of one of our failures. It was a company that had everything needed for a big financial success. It manufactured a product for which there was always a good demand. It

had a modern plant and adequate machinery and a large sales force. Every other company engaged in the same line of business was doing well. But there was a lack in our company, as we found out after we brought out the stock—the management was not there. It did a large business, but did not pay dividends. It did not earn them. We recalled all the stock we had sold and tried to find the right man to run it. We haven't found him yet.

We once offered a certain man a salary of $1,000,000 a year to manage a business we were asked to buy at a very attractive figure, but he was tied up so he couldn't come with us. We turned down the proposition. Later the same man was free to become the head of another concern in the same business, and he has increased the market value of that property in five years nearly $30,000,000. It was all a matter of management. I call that man a good investment at a million a year. I always have that factor in mind when I insist upon the successful owner-manager continuing in control by actual majority stock ownership.

The fact that the public has a direct interest through its holdings of stock in practically every line of business in this country has made a vast difference in the character of the trading. As Larry Livingston says, it is far more difficult to keep posted to-day on stocks because there are so many of them and they embrace all kinds of business. It makes it that much harder for even the most intelligent and well-posted trader to beat the market. Last fall, right after Coolidge's election, there were days when nearly six hundred issues were traded

in. On the other hand, the wise speculator stands a far better show of making a reasonable profit. He knows more. He plays more scientifically.

When a man asserts that nobody can beat the Wall Street game he is right to the extent that it is true that nobody can habitually get something for nothing. No delusion is so easily disproven by experience or so widely held as the delusion of easy money.

Ignorance is one of the obstacles that nobody can vault over. I find that our customers to-day demand to be told the why and wherefore before they accept our advice to buy or sell a certain stock or to take a definite position in the market. We have done everything in our power to foster that intelligently inquiring spirit. That is why we started and maintain our statistical department. We give the facts needed for our customers to act upon, and we always give reasons for our opinion so that if our customers do not find our reasons sound they do not have to accept the opinion. The old-time broker did not go to all that trouble.

I trust I have made clear that the stockbrokers' business is conducted more intelligently than it used to be. Its prosperity is bound up with the prosperity of the customers. The stories about the use of marked cards by the master manipulators are for the most part fiction. The public is much better informed to-day than ever before. It will not be long, I hope, before an end is made of the accusations against stockbrokers founded on customs and practices long since abandoned. The political demagogues and the sensational editorial writers must have some one to attack, and Wall Street baiting

is as popular a sport to-day as it ever was. The story of my own experiences and of my firm's way of doing business is the story of scores of my colleagues. And don't forget, please, that the first customer we did business for thirty-six years ago, when the firm was founded, is still doing business through us.

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